COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2016

City of Sachse, Texas

As Prepared by
The Finance Department

" Sachse is a tranquil community welcoming the future while offering a safe and enjoyable quality of life to all those who call Sachse home."

City of
Sachse

City of Sachse, Texas

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INTRODUCTORY SECTION

City of
Sachse

April 10, 2017

Honorable Mayor, City Council and Citizens of Sachse

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the City of Sachse, Texas, for the fiscal year ended September 30, 2016. The CAFR is provided to give detailed information about the financial position and activities of the City to the Citizens, City Council, Staff and other readers.

Management assumes full responsibility for the completeness and reliability of information contained in this report, based upon a comprehensive framework of internal controls that is established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BrooksCardiel, PLLC has issued an Unmodified ("clean") opinion on the City of Sachse's financial statements for the year ended September 30, 2016. The independent auditors' report is located at the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

PROFILE OF THE GOVERNMENT

The City of Sachse, incorporated in 1956, is located in Dallas County and Collin County, Texas, 20 miles northeast of downtown Dallas, on State Highway 78 and currently occupies a land area of 9.8 square miles. The City's population is 23,756, according to the 2014 North Central Texas Council of Governments estimate.

The City Council is comprised of a Mayor and six council members, and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, City Secretary and Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the department heads, and the performance of functions within the municipal organization.

The City of Sachse provides a full range of services including police, fire, emergency ambulance service, library, parks, recreation, sewer, engineering, streets and infrastructure, community development (planning and zoning), and general administrative services.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Sachse as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are legally separate entities and not part of the primary government's operations. The Sachse Economic Development Corporation (SEDC) is included in the financial statements as a discretely presented component unit.

The annual budget serves as the foundation for Sachse's financial planning and control. Annual budgets are legally adopted for the General Fund, Utility Fund, and Debt Service Fund. Each year the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance, setting the limit for expenditures during the fiscal year. Expenditure appropriations in the adopted budget are by department and may be amended during the year. The City Manager is authorized to adjust budgeted amounts; however, such revisions may not result in total expenditures exceeding budgeted expenditures without approval of the City Council.

Throughout the year, monthly reports are provided to the individual departments to review and compare actual versus budgeted amounts, and summary budget reports are presented to the City Council. The Finance Department also reviews operating revenues and expenditures, recommending adjustments, as needed. On a quarterly basis, the Finance Department submits more detailed financial reports to the City Council.

Formal budgetary integration is not employed for the PGBT Tax Increment Financing Zone Fund (TIF) special revenue fund, Proprietary Fund, Capital Projects Fund, or Sachse Economic Development Corporation. However, the City does adopt an annual budget for those funds for managerial control.

LOCAL ECONOMY

The City of Sachse continues to enjoy a stable economic environment, and local indicators point to continued stability as part of the Dallas/Fort Worth Metroplex area. The close proximity to major transportation networks in the North Dallas regional area enhances residential and commercial development in the City of Sachse. State Highway 78 connects Sachse to the President George Bush Turnpike, the North/South Central Expressway and the North/South Dallas Toll Road. The City is in close proximity to the Dallas Area Rapid Transportation System (DART) which includes both train and bus stations. The total transportation network gives our current and future residents easy access to major industrial and business developments in North Dallas and many business, commercial, and industrial developments in Plano and Richardson. While Sachse is well-suited for residential development, it is anticipated that commercial development in the City will continue to increase with the eastern expansion of the George Bush Turnpike (Highway 190) to IH 30, which was completed in December 2011. In planning for this expansion, the City of Sachse put in place a Tax Increment Financing Zone (TIF). The TIF Zone contains approximately 540 acres for future commercial development.

Property Values – Assessed property values increased $237,675,218 (15%) from the preceding year with $90,025,829 in new property and a $201,624,514 increase in the value of existing property. During the last five years, assessed taxable property value has increased 57% (from $1,193,802,976 in 2011 to $1,873,284,967 in 2016) and property taxes have accounted for 61% of the General Fund revenue. With a well-educated populace and average household income of $107,000, Sachse enjoys an exceptionally high property tax collection rate.

Long-Term Strategic Planning – Long-term vision and strategic planning have been the catalyst for the City's transformation and shaping Sachse into a friendly, vibrant community offering a safe and enjoyable quality of life to all who call Sachse home. The City's annual budget process involves incorporating the goals and strategies identified by the City Council. Individual departments develop their goals and objectives in terms of these all-encompassing organizational goals. Priorities during the 2015-2016 fiscal year were:

- Transportation – Improve mobility through the City
- Infrastructure – Systematically invest in public infrastructure
- Facilities – Analyze and plan for future facility needs beyond current construction
- Fiscally Sound – Negotiate strongly on all agreements
- Economic Development – Provide economic investment that increases employment opportunity, the tax base, and provides desired goods and services for residents and contributes to the community character and identify
- Public Safety and Security – Enhance neighborhood livability and safety
- Planning – Proactively work to keep various plans reviewed and updated
- Open Government – Increase public awareness using multiple communication sources
- Arts, Culture and Recreation –Enhance and communicate Sachse's activities to the community

Strategic Financial Plan – An appropriate financial plan for the City of Sachse requires many elements all working in concert with one another. Additional demands for "essential" City services such as police, fire, sewer, drainage and street improvements are anticipated. The Finance Department's management role will be to maintain and enhance financial plan elements and ensure the continued financial stability for the City of Sachse.

Financial Resource Planning – Strategic planning begins with determing the City's fiscal capacity based upon long-term financial forecasts of recurring available revenues. Financial forecasts coupled with financial trend analysis techniques and careful reserve analysis will preserve the fiscal well being of Sachse. Strategic planning is a critical element not only to meet long-term financial stability goals but to determine City Council objectives that will require special financial planning to achieve success.

Capital Improvement Planning – The City of Sachse's Capital Improvement Program is a multi-year financial plan for the acquisition, expansion, or rehabilitation of infrastructure, capital assets, or productive capacity of City services. The City's operating and capital project budgets are closely linked.

Revenues for the capital budget come from bond sales, development fees, intergovernmental revenues and current operating revenues. The Capital Improvement Program, unlike the operating budget, is a five-year plan that is reviewed and projects are reprioritized as needed. Project budgets are used as a guide for projects, debt, and other related budget planning. As such, plans for future years are subject to change.

Debt Management – All debt issuances are for the purpose of financing capital infrastructure or long-lived costly assets. Each debt issuance is evaluated against multiple policies addressing: debt service as a percent of operating expenditures, tax and revenue basis for the repayment of debt, the overall debt burden on the community, statutory limitations and market factors affecting tax-exempt interest costs. Sizing of the City's capital improvement program based on debt capacity in conjunction with conservatively estimated pay-as-you-go revenues help stabilize per capita debt and lower annual debt service costs to the City for the long-term.

FISCAL YEAR 2016 HIGHLIGHTS

The citizens of Sachse voted for General Obligation Bonds in the amount of $37,925,000 for facilities, parks and transportation in November 2006. The GO Bond program is currently in progress, with most of the projects being completed. Construction on the Municipal Complex and the Salmon Park Improvement project have been completed. Transportation projects funded by the 2006 Bond Funds include the street lighting along 5th Street and DeWitt Street from Highway 78 to Ranch Road, which will be complete in early 2017. The widening of Sachse Road from 5th Street to Miles Road and widening of 5th Street from Highway 78 to Sachse Road is in the design phase, with construction anticipated to begin in late 2017. The railroad crossing improvements to allow for a Quiet Zone designation were completed during fiscal year 2015-2016.

The street lighting project mentioned above, as well as lighting on Highway 78 from Murphy Road to 5th Street are under construction and nearing substantial completion. The funding for the latter project is from remaining special sales tax funds received from 380 Economic Development Agreements that expired in 2011.

Asphalt repairs on Alexander and 6th Street were accomplished utilizing funding from Dallas County through the Community Development Block Grant program. Dallas County has changed the way the CDBG funds are distributed, with Sachse set to next receive funds from the program in FY2018.

Impact fees were updated in November 2012 following completion of the City's updated 10-year Capital Improvement Plan, which included the Master Thoroughfare Plan, Water Master Plan, and Sanitary Sewer Master Plan. Funds from Roadway Impact Fees have been allocated toward the future widening of Maxwell Creek Road north to the city limits. A site in the PGBT corridor was selected for a future 1.25 million gallon elevated storage tank, and design is nearing completion. The land and construction of the tank will be funded with water impact fees, with construction estimated to begin in late FY2017.

Construction began, and is nearing completion on three separate projects collectively known as the Third Sewer Connection to Garland. The project includes an aerial crossing over Rowlett Creek, construction of a 24-inch sewer line from the aerial crossing to north of the President George Bush Turnpike, and construction of an 8-inch trunk line along Pleasant Valley Road. Funding for this project is through a grant from the Sachse Economic Development Corporation, a loan from the SEDC to be repaid with Tax Increment Funds, and additional funding from a property owner to be served by the new line. This project will bring City sewer to properties on the west end of the PGBT Turnpike.

In May 2013, voters approved a ¼ cent sales tax designated for maintenance of existing streets. Asphalt paving repairs on 6th Street, 2nd Street, Salmon Street, Sachse Street, and Meadow Creek Lane were completed during the year utilizing Street Maintenance Tax funds. The tax is generating approximately $300,000 per year.

Contracts were finalized in September 2015 for installation of a new digital radio system. The final cost of this federally mandated communications upgrade will be just under $950,000. General Fund Balance was set aside in FY2014-$450,000, General Fund Revenues in FY2015-$300,000, and a final $200,000 was included in the FY2016 budget. The project is in process as of September 30, 2016.

In March 2016, City Council approved funding of an update to the City's Comprehensive Plan. The previous Plan was adopted in 2001. Public engagement included numerous stakeholder meetings, surveys at City events, and social media surveys. The final plan is scheduled for approval early in calendar year 2017.

A consultant was engaged during FY2016 to conduct a stormwater drainage study. The scope of the study included identifying and prioritizing drainage projects throughout the City, as well as the feasibility of establishing a stormwater drainage fund to finance those projects. The study should be completed in FY2017.

AWARDS AND ACKNOWLEDGEMENTS

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sachse for its CAFR for the fiscal year ended September 30, 2015. This was the seventeenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City's 2015-2016 Fiscal Year Budget received the GFOA Distinguished Budget Presentation Award. This was the fourth consecutive year the City's Budget has been so recognized. The 2016-2017 Fiscal Year Budget has also been submitted for consideration.

Acknowledgements – Many people are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to representatives of BrooksCardiel, PLLC for their invaluable assistance in producing the final document and to the Finance team who were instrumental in the completion of this report.

We would also like to thank the Mayor, City Council, the City Manager and City of Sachse staff for their assistance, interest and support in the preparation of this document as well as planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Gina Nash
City Manager

Teresa C. Savage, CGFO
Finance Director

Berna Fitzpatrick-Walker, CGFO
Finance Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

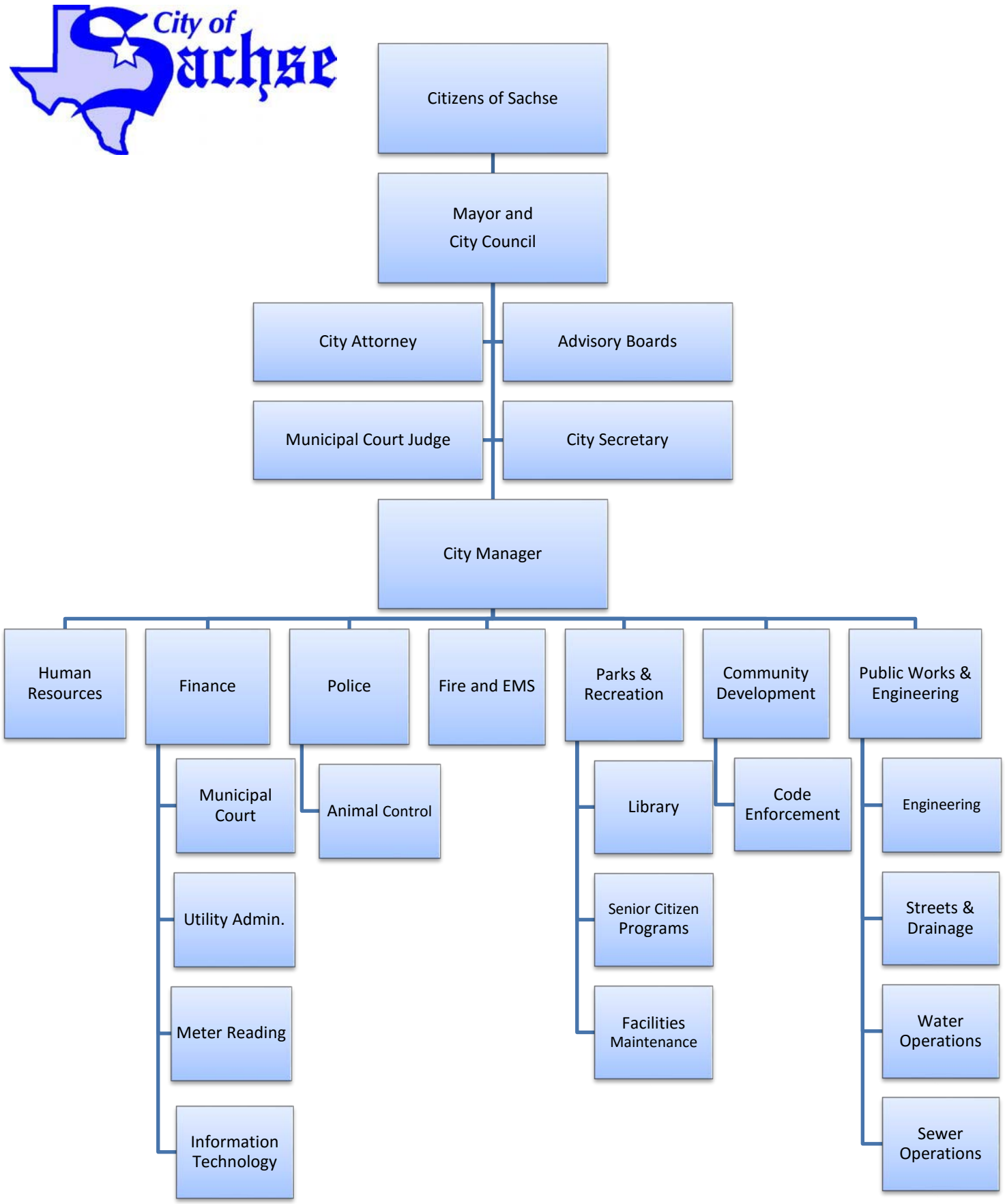
City of Sachse

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO


City of Sachse
Citizens of Sachse
Mayor and City Council
City Attorney
Advisory Boards
Municipal Court Judge
City Secretary
City Manager
Human Resources
Finance
Police
Fire and EMS
Parks & Recreation
Community Development
Public Works & Engineering
Municipal Court
Utility Admin.
Meter Reading
Information Technology
Animal Control
Library
Senior Citizen Programs
Facilities Maintenance
Code Enforcement
Engineering
Streets & Drainage
Water Operations
Sewer Operations

CITY OF SACHSE, TEXAS

CITY OFFICIALS

Council Members

Mayor	Mike Felix
Mayor Pro Tem	Charlie Ross
Council Member	Jeff Bickerstaff
Council Member	Brett Franks
Council Member	Paul Watkins
Council Member	Cullen King
Council Member	Bill Adams

Management Staff

City Manager	Gina Nash
City Secretary	Michelle Lewis-Sirianni
Director of Finance	Teresa Savage
Director of Community Development	Dusty McAfee
Director of Public Works and Engineering	Greg Peters
Economic Development Corporation CEO	Leslyn Blake
Fire Chief	Marty Wade
Director of Human Resources	Melinda Walter
Director of Parks and Recreation/Library	Lance Whitworth
Police Chief	Bryan Sylvester

FINANCIAL SECTION

City of
Sachse

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Sachse, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sachse, Texas (the "City"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2016 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V.F. the City restated fund balances for its general and PGBT Reinvestment Zone fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in net pension liability and related ratios, and the schedule of employer contributions to pension plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The changes in fund balances – budget and actual for the debt service fund, special revenue fund, and Sachse Economic Development Corporation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information noted above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BrooksCardiel, PLLC
Certified Public Accountants
The Woodlands, Texas
April 10, 2017

City of
Sachse

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of
Sachse

City of Sachse, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2016

As management of the City of Sachse, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities (net position) at September 30, 2016 by $92,699,081. Of this amount, $11,499,238 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $8,959,922. The majority of the City's net position are invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $19,588,437 at September 30, 2016, an increase of $1,531,526 from the prior fiscal year; this includes an increase of $1,183,577 in the debt service fund, a decrease of $904,954 in the capital projects fund, increase of $1,035,570 in the impact fee fund, a decrease of $1,016,131 in the PGBT reinvestment fund, and an increase of $1,095,188 in the general fund.

- At the end of the fiscal year, unassigned fund balance for the general fund was $7,723,757 or 54% of total general fund expenditures.

- The City's total debt showed a net decrease of $155,000. The total governmental bonds payable at the close of the fiscal year was $35,665,000. Self-supporting debt of the proprietary fund was $730,000.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and community development. The business-type activities of the City include water and sewer operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Sachse Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The George Bush Turnpike Reinvestment Zone, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental* activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, the impact fee fund, PGBT reinvestment zone tax increment fund, and the street maintenance fund, which are considered to be major funds. The City's special revenue fund is considered nonmajor for reporting purposes.

The City adopts an annual appropriated budget for its general fund, debt service fund, impact fee fund, street maintenance, PGBT reinvestment zone tax increment fund and special revenue fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

Proprietary Funds

The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for health insurance.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund since it is considered a major fund of the City.

Component Units

The City maintains the accounting and financial statements for two component units. The Sachse Economic Development Corporation is reported as a discrete component unit on the government-wide financial statements. The George Bush Turnpike Reinvestment Zone is reported as a blended component unit and is a major fund.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the general fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Sachse, assets exceed liabilities by $92,699,081 as of September 30, 2016 in the primary government.

The largest portion of the City's net position, $72,581,210, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2016			2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 22,304,176	$ 8,695,998	$ 31,000,174	$ 20,187,290	$ 5,547,650	$ 25,734,940
Capital assets, net	84,293,091	21,636,605	105,929,696	81,000,017	19,637,635	100,637,652
Total Assets	106,597,267	30,332,603	136,929,870	101,187,307	25,185,285	126,372,592
Total Deferred Outflows	4,729,074	190,421	4,919,495	2,098,277	51,817	2,150,094
Other liabilities	4,135,528	1,561,090	5,696,618	3,256,143	1,280,841	4,536,984
Long-term liabilities	42,412,931	999,638	43,412,569	39,235,148	915,286	40,150,434
Total Liabilities	46,548,459	2,560,728	49,109,187	42,491,291	2,196,127	44,687,418
Total Deferred Inflows	38,220	2,877	41,097	90,342	5,767	96,109
Net Position:						
Net investment in capital assets	52,071,872	20,509,338	72,581,210	49,395,981	18,802,635	68,198,616
Restricted	8,618,633	-	8,618,633	11,827,722	-	11,827,722
Unrestricted	4,049,157	7,450,081	11,499,238	(519,752)	4,232,573	3,712,821
Total Net Position	$ 64,739,662	$ 27,959,419	$ 92,699,081	$ 60,703,951	$ 23,035,208	$ 83,739,159

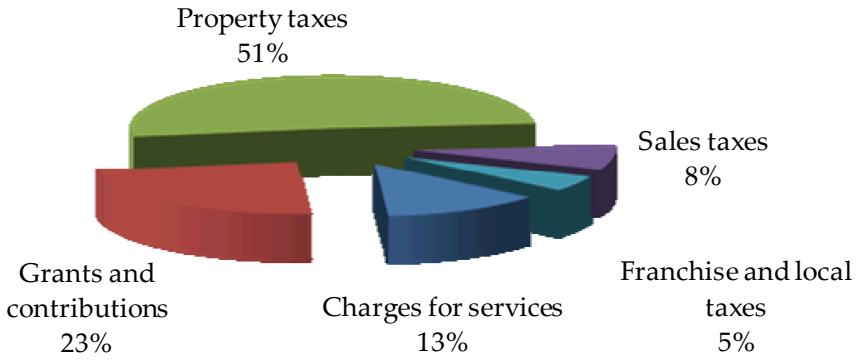
Statement of Activities:

The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2016			For the Year Ended September 30, 2015		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 3,082,579	$ 10,382,099	$ 13,464,678	$ 3,902,098	$ 9,137,569	$ 13,039,667
Grants and contributions	5,658,626	2,810,315	8,468,941	2,266,997	1,233,994	3,500,991
General revenues:						
Property taxes	12,296,608	-	12,296,608	10,938,125	-	10,938,125
Sales taxes	1,844,639	-	1,844,639	1,582,416	-	1,582,416
Franchise and local taxes	1,180,286	-	1,180,286	1,208,204	-	1,208,204
Investment income	50,842	7,160	58,002	33,900	1,970	35,870
Other revenues	268,740	-	268,740	51,290	-	51,290
Total Revenues	24,382,320	13,199,574	37,581,894	19,983,030	10,373,533	30,356,563
Expenses						
General government	2,500,102	-	2,500,102	2,330,847	-	2,330,847
Public safety	8,191,197	-	8,191,197	6,854,653	-	6,854,653
Public works	5,056,488	-	5,056,488	4,415,483	-	4,415,483
Culture and recreation	1,739,147	-	1,739,147	1,557,475	-	1,557,475
Community development	900,457	-	900,457	677,184	-	677,184
Interest and fiscal charges	2,105,723	48,100	2,153,823	2,022,071	37,238	2,059,309
Water & Sewer	-	8,080,758	8,080,758	-	7,201,533	7,201,533
Total Expenses	20,493,114	8,128,858	28,621,972	17,857,713	7,238,771	25,096,484
Change in Net Position Before Transfers	3,889,206	5,070,716	8,959,922	2,125,317	3,134,762	5,260,079
Transfers	146,505	(146,505)	-	1,289,279	(1,289,279)	-
Total	146,505	(146,505)	-	1,289,279	(1,289,279)	-
Change in Net Position	4,035,711	4,924,211	8,959,922	3,414,596	1,845,483	5,260,079
Beginning Net Position	60,703,951	23,035,208	83,739,159	57,289,355	21,189,725	78,479,080
Ending Net Position	$ 64,739,662	$ 27,959,419	$ 92,699,081	$ 60,703,951	$ 23,035,208	$ 83,739,159

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

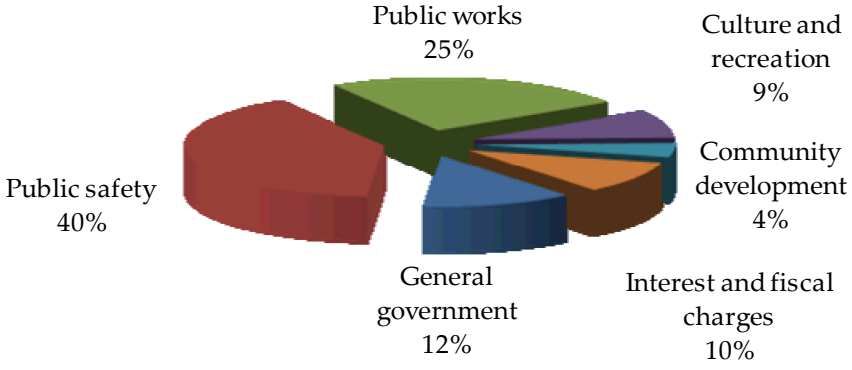
Governmental Activities - Revenues



For the year ended September 30, 2016, revenues from governmental activities totaled $24,382,320. Property tax, charges for services and contributions are the City's largest general revenue sources. Overall revenue increased $4,399,290 or 22% due to large amounts of contributed capital that occurred during the year and an increase in property tax and sales tax revenue. Grants and contributions increased by $3,391,629 related to said contributed capital. Property tax revenue increased $1,358,483 due to increase property values and a growing tax base. Sales tax increased by $262,223 or 17% due to continued growth within the City. Charges for services decreased by $819,519, primarily from decreased impact fees compared to prior year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:

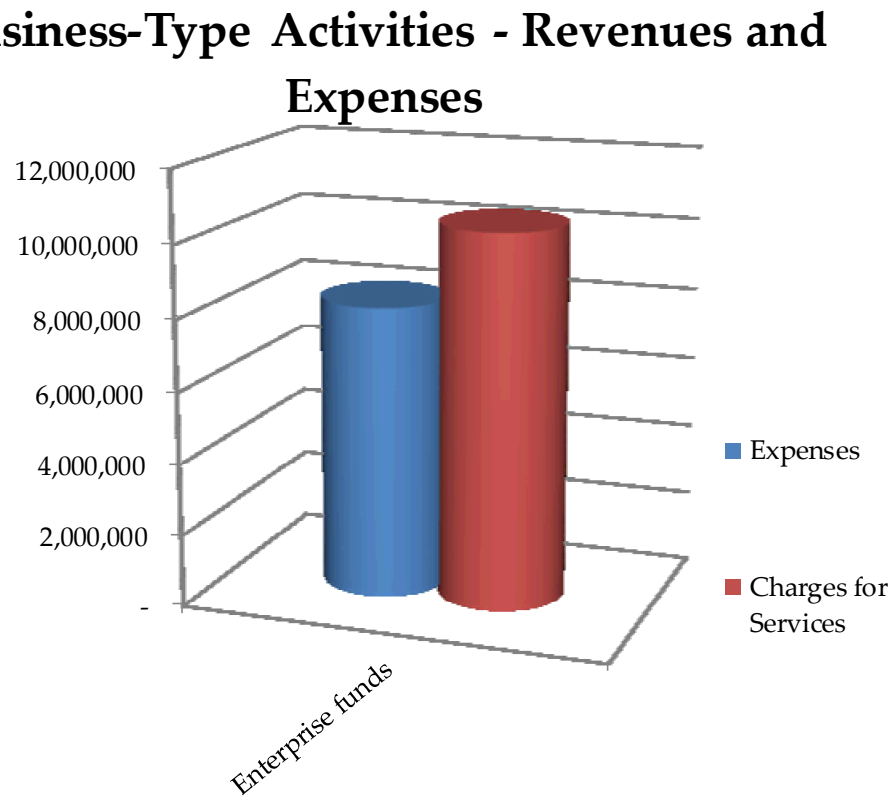
Governmental Activities - Expenses



For the year ended September 30, 2016, expenses for governmental activities totaled $20,493,114. This represents an increase of $2,635,401 or 15% from the prior year. The City's largest functional expense is public safety of $8,191,197 and demonstrated a 19% increase from prior year. General government

expenses increased by $169,255 or 7%. Public works increased by $641,005 or 15% due to additional capital projects during the year. All expenditures remained relatively consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2016, charges for services by business-type activities totaled $10,382,099. This is an increase of $1,244,530, or 14%, from the previous year. This increase directly relates to water usage within the City as well as a price increase that occurred at the beginning of the fiscal year.

Total expenses increased $890,087 to a total of $8,128,858, due primarily to increased purchases from the North Texas Municipal Water District, the City's source of water.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing

the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2016, the City's governmental funds reported combined fund balances of $19,588,437, an increase of $1,531,526 in comparison with the prior year. Approximately 31% of this amount, $6,099,936, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, assigned, or restricted* to indicate that it is 1) not in spendable form, $21,970, or 2) restricted for particular purposes, $13,466,531.

As of the end of the year the general fund reflected a total fund balance of $7,932,067. Of this, $21,970 is considered nonspendable and $7,723,757 is unassigned. This increase in fund balance is attributable to increased property and sales taxes and positive budget variances in both revenues and expenditures.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of general fund is 56% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of $7,723,757 is 54% of total general fund expenditures.

The debt service fund had an ending fund balance of $1,519,601 at September 30, 2016 compared to the previous year's balance of $336,024.

The capital projects fund ending fund balance is $4,370,385. During the year, the City expended $2,118,582 on various projects, utilizing funds designated for capital projects.

The impact fee fund is considered a major fund and is used to ensure impact fees assessed for specific capital improvements are properly accounted for. During the year the City received $1,022,593 in impact fees but did not have any related capital expenditures.

The PGBT reinvestment zone is used to track property tax collected for development. During the year the fund received $58,141 in property taxes. The fund saw a total decrease in fund balance of $1,016,131. This decrease was due to the advance of funds for the completion of a major sewer project.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the water and sewer fund totaled $27,959,419. Unrestricted net position of the enterprise fund at the close of the fiscal year amounted to $7,450,081. Total net position demonstrated an increase of $4,924,211. The fund had a net investment in capital assets of $20,509,338. The City operates and maintains a water and sewer distribution system with force mains and lift stations. The City has six water storage facilities with a total capacity of approximately 6.9 million gallons. The following are additional comments regarding operations of the enterprise fund:

- The City received capital contributions of $1,539,014 consisting of water and sewer infrastructure.
- Operational expenses excluding depreciation and amortization were $6,586,931.
- Cash and cash equivalents in the water and sewer fund were $4,418,916 at fiscal year end.

An internal service fund was established for the purpose of tracking and allocating expenses for employee insurance. Revenue consists of budgeted allocations transferred from the general and water and sewer funds. Expenses consist of premiums paid for health, dental, and life insurance, as well as contributions to health savings accounts and deductible reimbursements. The fund had an ending fund balance of $275,328 to be retained for future risk.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget amendments approved during the fiscal year resulted in a $200,000 increase in fund balance between the original and final budgets. There was a positive variance of $801,441 over budgeted general fund revenues. The following are additional comments regarding appropriations:

- There was a total positive variance of $269,149 in budgeted appropriations.
- $1,070,590 is the budget surplus of revenues over expenditures before transfers.
- There was an actual net positive change in fund balance of $1,095,188.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $84,293,091 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $21,636,605 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. The City's total investment in capital assets increased by $4,382,594, net of depreciation.

Major capital asset events during the current year include the following:

- Contribution of assets by a developer.
- Construction of road projects.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt obligations of $36,395,000. Of this amount, $730,000 is self-supporting through revenues collected from the rates of the City's utility fund.

All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2016-2017 Fiscal Year Budget was approved by City Council on September 19, 2016. The tax rate adopted that same day was $.757279 per $100 assessed value, unchanged from the previous year. There was an increase in taxable values of $237 million (14.53%) from the previous year, resulting in an overall increase in budgeted ad valorem taxes of $1,526,860 to be allocated across the General, Debt Service, and PGBT Tax Increment Financing Funds. Overall, budgeted revenue for the General Fund increased by $1,526,725 to a total of $16,331.070. Budgeted expenditures increased by $1,483,773 to a total of $16,227,619 and include funding for implementation of a vehicle and equipment replacement program and additional personnel in the fire department.

Budgeted revenue in the Utility Fund includes the third year of a five year rate plan approved in 2014, an increase of $849,553 (9.7%) over the previous year. Budgeted expenses increased by $2,744,219 to a total of $11,718,917, a percentage increase of 30.6%. Approved expenditures include Phase 1 of a meter replacement program and upgrade to 4G technology, a sewer main inspection camera, and capital funding for an elevated storage facility and upgrades to water and sewer lines.

The City's capital budget includes $5,701,830 in new funding for various projects city-wide. Unlike the operating budget, funding for budgeted capital projects does not expire at the end of the fiscal year but continues until the project is complete. By funding source, the amount budgeted includes $168,750 from the General Fund, $2,169,600 from the Utility Fund, $1,393,480 from Water and Sewer Impact Fees, $345,000 in Street Maintenance Taxes, $125,000 from general unobligated capital project funds, and $1,500,000 from the 2006 Transportation Bond program.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 3815-B Sachse Rd., Sachse Texas 75048 or call (972) 495-1212.

City of
Sachse

FINANCIAL STATEMENTS

City of Sachse, Texas

STATEMENT OF NET POSITION

September 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Sachse EDC
Assets				
Current assets:				
Cash and cash equivalents	$ 15,945,460	$ 4,184,777	$ 20,130,237	$ 718,447
Restricted cash	-	234,139	234,139	-
Investments	6,027,297	2,006,704	8,034,001	1,007,152
Receivables, net	888,069	1,678,636	2,566,705	135,160
Internal balances	(578,620)	578,620	-	-
Inventory	-	13,122	13,122	-
Prepaids	21,970	-	21,970	5,640
Assets held for sale	-	-	-	225,999
Total Current Assets	22,304,176	8,695,998	31,000,174	2,092,398
Advances from other governments	-	-	-	1,045,201
Capital assets:				
Non-depreciable	10,934,534	2,458,178	13,392,712	-
Net depreciable capital assets	73,358,557	19,178,427	92,536,984	-
	84,293,091	21,636,605	105,929,696	1,045,201
Total Assets	106,597,267	30,332,603	136,929,870	3,137,599
Deferred Outflows of Resources				
Pension contributions	751,128	56,537	807,665	-
Pension investment earnings	1,091,011	82,119	1,173,130	-
Deferred charge on refunding	2,886,935	51,765	2,938,700	-
Total Deferred Outflows of Resources	$ 4,729,074	$ 190,421	$ 4,919,495	$ -

City of Sachse, Texas

STATEMENT OF NET POSITION (Continued)

September 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Sachse EDC
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$ 1,213,192	$ 1,173,688	$ 2,386,880	$ 6,822
Accrued interest payable	153,138	6,234	159,372	-
Customer deposits	500	236,644	237,144	-
Long term debt due within one year	2,768,698	144,524	2,913,222	2,869
	4,135,528	1,561,090	5,696,618	9,691
Noncurrent liabilities:				
Advances from other governments	1,045,201	-	1,045,201	-
Due in more than one year	37,260,704	690,507	37,951,211	319
Net pension liability	4,107,026	309,131	4,416,157	-
Total Liabilities	46,548,459	2,560,728	49,109,187	10,010
Deferred Inflows of Resources				
Pension losses	38,220	2,877	41,097	-
Net Position				
Net investment in capital assets	52,071,872	20,509,338	72,581,210	-
Restricted for:				
Debt service	319,601	-	319,601	-
Capital improvements	7,841,255	-	7,841,255	-
Municipal court	231,219	-	231,219	-
Street maintenance	226,558	-	226,558	-
Economic development	-	-	-	3,127,589
Unrestricted	4,049,157	7,450,081	11,499,238	-
Total Net Position	$ 64,739,662	$ 27,959,419	$ 92,699,081	$ 3,127,589

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 2,500,102	$ 720	$ -	$ -
Public safety	8,191,197	596,562	-	-
Public works	5,056,488	1,315,780	-	4,913,651
Culture and recreation	1,739,147	-	10,579	-
Community development	900,457	1,169,517	734,396	-
Interest and fiscal charges	2,105,723	-	-	-
Total Governmental Activities	20,493,114	3,082,579	744,975	4,913,651
Business-Type Activities				
Water	4,926,227	6,269,095		1,545,673
Sewer	3,202,631	4,113,004		1,264,642
Total Business-Type Activities	8,128,858	10,382,099	-	2,810,315
Total Primary Government	$ 28,621,972	$ 13,464,678	$ 744,975	7,723,966
Component Unit				
Sachse Economic Development Corporation	$ 1,817,186	$ -	$ -	$ 10,000
General Revenues:				
Taxes				
Property taxes				
Sales taxes				
Franchise and local taxes				
Investment income				
Other revenues				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Beginning Net Position				
Ending Net Position				

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Sachse EDC
$ (2,499,382)	$ -	$ (2,499,382)	$ -
(7,594,635)	-	(7,594,635)	-
1,172,943	-	1,172,943	-
(1,728,568)	-	(1,728,568)	-
1,003,456	-	1,003,456	-
(2,105,723)	-	(2,105,723)	-
(11,751,909)	-	(11,751,909)	-
-	2,888,541	2,888,541	-
-	2,175,015	2,175,015	-
-	5,063,556	5,063,556	-
(11,751,909)	5,063,556	(6,688,353)	-
			(1,807,186)
12,296,608	-	12,296,608	-
1,844,639	-	1,844,639	731,010
1,180,286	-	1,180,286	-
50,842	7,160	58,002	4,567
268,740	-	268,740	5,000
146,505	(146,505)	-	-
15,787,620	(139,345)	15,648,275	740,577
4,035,711	4,924,211	8,959,922	(1,066,609)
60,703,951	23,035,208	83,739,159	4,194,198
$ 64,739,662	$ 27,959,419	$ 92,699,081	$ 3,127,589

City of Sachse, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016

	General	Debt Service	Capital Projects	Impact Fee
Assets				
Cash and cash equivalents	$ 4,988,071	$ 1,519,601	$ 1,641,338	$ 6,438,165
Investments	3,007,076	-	3,020,221	-
Receivables, net	782,414	30,375	-	-
Prepaids	21,970	-	-	-
Total Assets	$ 8,799,531	$ 1,549,976	$ 4,661,559	$ 6,438,165
Liabilities				
Accounts payable and accrued liabilities	$ 715,821	$ -	$ 291,174	$ 161,956
Customer deposits	500	-	-	-
Advances from other funds	-	-	-	-
Advances from other governments	-	-	-	-
Total Liabilities	716,321	-	291,174	161,956
Deferred Inflows of Resources				
Unavailable revenue -				
Property taxes	93,961	30,375	-	-
Fines receivable, net	6,251	-	-	-
Ambulance	50,931	-	-	-
Total Deferred Inflows	151,143	30,375	-	-
Fund Balances				
Nonspendable for:				
Prepaids	21,970	-	-	-
Restricted for:				
Debt service	-	319,601	-	-
Capital improvements	-	1,200,000	4,370,385	6,276,209
Municipal court	-	-	-	-
Street maintenance	-	-	-	-
Assigned	186,340	-	-	-
Unassigned	7,723,757	-	-	-
Total Fund Balances	7,932,067	1,519,601	4,370,385	6,276,209
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 8,799,531	$ 1,549,976	$ 4,661,559	$ 6,438,165

See Notes to Financial Statements.

PGBT Reinvestment Zone	Street Maintenance	Nonmajor Special Revenue	Total Governmental Funds
$ -	$ 158,954	$ 924,003	$ 15,670,132
-	-	-	6,027,297
-	67,604	7,676	888,069
-	-	-	21,970
$ -	$ 226,558	$ 931,679	$ 22,607,468
$ -	$ -	$ 44,241	$ 1,213,192
-	-	-	500
578,620	-	-	578,620
1,045,201	-	-	1,045,201
1,623,821	-	44,241	2,837,513
-	-	-	124,336
-	-	-	6,251
-	-	-	50,931
-	-	-	181,518
-	-	-	21,970
-	-	-	319,601
-	-	656,219	12,502,813
-	-	231,219	231,219
	226,558	-	226,558
-	-	-	186,340
(1,623,821)	-	-	6,099,936
(1,623,821)	226,558	887,438	19,588,437
$ -	$ 226,558	$ 931,679	$ 22,607,468

City of
Sachse

City of Sachse, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2016

Fund Balances - Total Governmental Funds	$	19,588,437
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		10,934,534
Capital assets - net depreciable		73,358,557
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		124,336
Fines receivable		6,251
Ambulance receivables		50,931
Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/expenditure) until then.		
Pension contributions		751,128
Pension investment earnings		1,091,011
Deferred charge on refunding		2,886,935
Pension gains		(38,220)
Internal service funds are used by management to charge the cost of insurance to individual departments and funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		275,328
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(153,138)
Bond premium		(2,614,608)
Bond discount		4,829
Non-current liabilities due in one year		(2,768,698)
Non-current liabilities due in more than one year		(34,650,925)
Net pension liability		(4,107,026)
Net Position of Governmental Activities	$	64,739,662

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

	General	Debt Service	Capital Projects	Impact Fee
Revenues				
Property tax	$ 9,206,693	$ 2,995,213	$ -	$ -
Sales tax	1,479,006	-	-	-
Franchise and local taxes	1,180,286	-	-	-
License, permits and fees	1,724,047	-	-	-
Intergovernmental	229,514	-	734,396	-
Grants and donations	-	-	-	-
Fines and forfeitures	262,197	-	-	-
Impact and development fees	-	-	-	1,022,593
Investment income	19,706	589	17,210	12,977
Other revenue	127,134	-	144,401	-
Total Revenues	14,228,583	2,995,802	896,007	1,035,570
Expenditures				
Current:				
General government	1,553,430	-	-	-
Public safety	7,472,857	-	-	-
Public works	1,882,251	-	-	-
Culture and recreation	1,418,057	-	-	-
Community development	831,719	-	-	-
Nondepartmental	564,368	-	-	-
Debt Service:				
Principal	-	1,325,000	-	-
Interest and fiscal charges	-	1,672,947	-	-
Bond issuance costs	-	372,256	-	-
Capital outlay	452,015	-	2,118,582	-
Total Expenditures	14,174,697	3,370,203	2,118,582	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,886	(374,401)	(1,222,575)	1,035,570
Other Financing Sources (Uses)				
Transfers in	1,441,302	-	400,000	-
Transfers (out)	(400,000)	(138,146)	(82,379)	-
Issuance of debt	-	21,225,000	-	-
Premium on bonds issued	-	2,204,516	-	-
Payment to escrow agent	-	(21,733,392)	-	-
Total Other Sources (Uses)	1,041,302	1,557,978	317,621	-
Net Change in Fund Balances	1,095,188	1,183,577	(904,954)	1,035,570
Beginning fund balances	6,836,879	336,024	5,275,339	5,240,639
Ending Fund Balances	$ 7,932,067	$ 1,519,601	$ 4,370,385	$ 6,276,209

See Notes to Financial Statements.

PGBT Reinvestment Zone	Street Maintenance	Nonmajor Special Revenue	Total Governmental Funds
$ 58,141	$ -	$ -	$ 12,260,047
-	365,633	-	1,844,639
-	-	-	1,180,286
-	-	19,581	1,743,628
-	-	-	963,910
-	-	10,579	10,579
-	-	29,729	291,926
-	-	-	1,022,593
-	54	306	50,842
-	-	60	271,595
58,141	365,687	60,255	19,640,045
-	-	11,745	1,565,175
-	-	16,347	7,489,204
-	-	-	1,882,251
-	-	37,895	1,455,952
-	-	-	831,719
-	-	-	564,368
	-	-	
-	-	-	1,325,000
-	-	-	1,672,947
-	-	-	372,256
-	221,679	-	2,792,276
-	221,679	65,987	19,951,148
58,141	144,008	(5,732)	(311,103)
-	-	-	1,841,302
(1,074,272)	-	-	(1,694,797)
-	-	-	21,225,000
-	-	-	2,204,516
-	-	-	(21,733,392)
(1,074,272)	-	-	1,842,629
(1,016,131)	144,008	(5,732)	1,531,526
(607,690)	82,550	893,170	18,056,911
$ (1,623,821)	$ 226,558	$ 887,438	$ 19,588,437

City of
Sachse

City of Sachse, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	1,531,526
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		2,445,778
Depreciation expense		(4,063,500)
Loss on disposal of asset		(2,855)
The effect of capital assets contributed to the City during the current year.		4,913,651
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(168,521)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(96,357)
Accrued interest		107,815
Pension expense		(165,892)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of debt premium		(2,204,516)
Net change in deferred charges on refunding		1,600,459
Amortization of debt discount		(9,525)
Amortization of debt premium		24,123
Net change in bonds payable		50,000
Internal service funds are used by management to charge the cost of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		73,525
Change in Net Position of Governmental Activities	$	4,035,711

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2016

	Business-type Activities	Governmental Activities
Assets	**Water & Sewer**	**Internal Service Fund**
Current Assets		
Cash and cash equivalents	$ 4,184,777	$ 275,328
Restricted cash - customer deposits	234,139	-
Investments	2,006,704	-
Receivables, net	1,678,636	-
Inventory	13,122	-
Total Current Assets	8,117,378	275,328
Noncurrent Assets		
Advances to other funds	578,620	-
Capital assets:		
Non-depreciable	2,458,178	-
Net depreciable capital assets	19,178,427	-
Total Noncurrent Assets	22,215,225	-
Total Assets	30,332,603	275,328
Deferred Outflows of Resources		
Pension contributions	56,537	-
Pension investment earnings	82,119	-
Pension gains		-
Deferred charge on refunding	51,765	-
Total Deferred Outflows	$ 190,421	$ -

City of Sachse, Texas

STATEMENT OF NET POSITION (Continued)

PROPRIETARY FUNDS

September 30, 2016

	Business-type Activities	Governmental Activities
	Water & Sewer	Internal Service Fund
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,173,688	$ -
Accrued interest	6,234	-
Customer deposits	236,644	-
Compensated absences - current	34,524	-
Bonds payable - current	110,000	-
Total Current Liabilities	1,561,090	-
Noncurrent Liabilities		
Compensated absences	3,836	-
Bonds payable	686,671	-
Net pension liability	309,131	-
Total Liabilities	2,560,728	-
Deferred Outflows of Resources		
Pension losses	2,877	-
Net Position		
Net investment in capital assets	20,509,338	-
Unrestricted	7,450,081	275,328
Total Net Position	27,959,419	$ 275,328

See Notes to Financial Statements.

City of
Sachse

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2016

	Business-type Activities	Governmental Activities
	Water & Sewer	Internal Service Fund
Operating Revenues		
Water revenue	$ 6,006,167	$ -
Sewer revenue	4,113,004	-
Connection and tap charges	117,938	-
Other revenue	144,990	935,816
Total Operating Revenues	10,382,099	935,816
Operating Expenses		
Administration	201,617	-
Personnel	620,510	862,343
Cost of water	3,516,026	-
Cost of sewer	2,248,778	-
Depreciation	1,493,827	-
Total Operating Expenses	8,080,758	862,343
Operating Income	2,301,341	73,473
Nonoperating Revenues (Expenses)		
Investment income	7,160	52
Interest expense	(48,100)	-
Total Nonoperating Revenues (Expenses)	(40,940)	52
Income Before Capital Contributions and Transfers	2,260,401	73,525
Intergovernmental grant	1,271,301	-
Contributed capital	1,539,014	-
Transfers in	1,294,797	-
Transfers (out)	(1,441,302)	-
Change in Net Position	4,924,211	73,525
Beginning net position	23,035,208	201,803
Ending Net Position	$ 27,959,419	$ 275,328

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2016

	Business-type Activities	Governmental Activities
	Water & Sewer	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers	$ 10,788,736	$ 935,816
Payments to suppliers	(5,616,415)	(862,343)
Payments to employees	(774,999)	-
Net Cash Provided (Used) by Operating Activities	4,397,322	73,473
Cash Flows from Noncapital Financing Activities		
Transfers in	1,294,797	-
Transfers (out)	(1,441,302)	-
Net Cash (Used for) Noncapital Financing Activities	(146,505)	-
Cash Flows from Capital and Related Financing Activities		
Capital purchases	(1,953,783)	-
Proceeds from intergovernmental grant	1,271,301	-
Principal paid on debt	(105,000)	-
Interest paid on debt	(33,194)	-
Net Cash (Used for) Capital and Related Financing Activities	(820,676)	-
Cash Flows from Investing Activities		
Purchase of investments	(2,006,704)	
Interest on investments	7,160	52
Net Cash Provided (Used) by Investing Activities	(1,999,544)	52
Net increase in Cash and Cash Equivalents	1,430,597	73,525
Beginning cash and cash equivalents	2,988,319	201,803
Ending Cash and Cash Equivalents	$ 4,418,916	$ 275,328

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2016

	Business-type Activities	Governmental Activities
	Water & Sewer	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income	$ 2,301,341	$ 73,473
Adjustments to reconcile operating income to net cash provided:		
Depreciation	1,493,827	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	391,538	-
Inventory	3,075	-
Advances	(105,660)	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	250,974	-
Compensated absences	10,195	-
Customer deposits	15,099	-
Deferred outflows - pension contributions	(15,302)	-
Deferred outflows - investment earnings	(71,537)	-
Deferred inflows - pension (gains) losses	(2,890)	-
Net pension liability	126,662	-
Net Cash Provided (Used) by Operating Activities	$ 4,397,322	$ 73,473
Noncash Investing and Financing Activities		
Bond refunding	$ 620,000	$ -
Contributions of capital assets	1,539,014	-
	$ 2,159,014	$ -

See Notes to Financial Statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Sachse, Texas (the "City") was incorporated in 1956 under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925 and has adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Sachse Economic Development Corporation (the "SEDC") and the PGBT Reinvestment Zone Tax Increment Fund (the "TIF"), although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Unit

President George Bush Turnpike (PGBT) Reinvestment Zone Tax Increment Fund

The City created the PGBT Reinvestment Zone Tax Increment Fund (the "TIF") in November 2003 to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The five member Board of Directors are appointed by the Sachse City Council and serve for two-year staggered terms. The members of the Board are citizens of Sachse. Any future debt obligations issued and backed by the

TIF are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year 2003.

The TIF Board of Directors acts primarily in an advisory role to the City Council, who exercise the ultimate financial control over the recommendations of the TIF board, including its budget and expenditures. The financial information of the TIF is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

Discretely Presented Component Unit

Sachse Economic Development Corporation

The Sachse Economic Development Corporation (the "SEDC") serves all citizens of the City and is governed by a seven member board of directors appointed by the Sachse City Council. An Executive Director is appointed by the SEDC seven member board to carry out the Board's administrative and policy initiatives. The SEDC is a 4B Corporation and is supported by a half-cent sales tax voted by referendum in 1994. The scope of public service of the SEDC benefits the government and its citizens and is operated primarily within geographic boundaries of the City.

Separate financial statements are not prepared. However, additional financial information for the SEDC may be obtained at the entity's administrative offices at the following address: Sachse Economic Development Corporation 3815 Sachse Road, Sachse, Texas 75048.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, culture and recreation, community development, and nondepartmental. This fund is considered to be a major fund.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. This fund is considered to be a major fund.

Capital Projects Fund

The capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds. This fund is considered to be a major fund.

Impact Fee Fund

The impact fee fund accounts for impact fees collected for specific projects related to development within the City. This fund is considered to be a major fund.

PGBT Reinvestment Zone Tax Increment Fund

The PGBT Reinvestment Zone Tax Increment Fund was created to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. This fund is considered major for reporting purposes.

Street Maintenance Fund

The street maintenance fund is used to account for a sales tax restricted for street maintenance. The fund is not considered to be a major fund, however management has chosen to present the fund as a major fund.

Special Revenue Fund

The special revenue fund is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Revenue sources for this fund include donations, fines and fees, and grants. This fund is considered nonmajor for reporting purposes.

The government reports the following major enterprise fund:

Water & Sewer Fund

This fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

The government reports the following internal service fund:

Health Insurance Fund

This fund is used to account for health insurance benefits provided to City employees.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers

in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this

revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

D. Assets, Liabilities, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Statewide investment pools

2. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized (the consumption method).

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure	5 to 30 years
Buildings and improvements	25 years

6. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the fund.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government has adopted a policy to maintain a minimum reserve of an amount equal to or greater than 25% of operating expenditures. The utility fund working capital should be maintained at a minimum of 20-25% of the total operating expenditures or the equivalent of 75 days. The debt service fund reserve is maintained at a level to support interest and principal payments in the event of a delay in property tax collections.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims

and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

10. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

3. Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until retirement or termination. Once per year, employees with accumulations greater than 40 hours may redeem 3 days of sick and vacation leave. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of unused vacation pay based upon the years of service. Sick leave is not paid at termination or retirement. All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, SEDC, special revenue, and utility funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Three supplemental budget appropriations were made during the year.

A. Expenditures Over Appropriations

For the year ended, expenditures exceeded appropriations at the legal level of control and as follows:

General Fund:

Fire and ambulance	$9,102
Capital outlay	$48,515

Debt Service Fund

Interest	$118,514
Bond issuance costs	$372,256

Special Revenue Fund:

Police	$7,436
Culture and recreation	$10,895

The City has implemented procedures to ensure budgetary compliance. No expenditure can be made unless there is a budget available or an approved budget amendment has been submitted. Department head and management will review the budget variances on a regular basis and the budget will be amended if necessary.

B. Deficit Fund Equity

At September 30, 2016, the PGBT Reinvestment Zone TIF has a deficit fund balance of $1,623,821. The deficit will be eliminated in the future with development of the zone and issuance of new debt.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in I.D.1., the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. The City's investments in 2a7-like pools such as TexPool are included in this category. Although the City's investments in TexPool and TexStar are available for immediate withdrawal, disclosure of the pool's weighted average maturity and bond rating are required. The City had the following deposits considered to be cash and cash equivalents at year end:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Credit Rating
Bank deposits	$ 17,274,018	-	-
Money market accounts	2,388,898	-	-
External investment pools			
TexPool	701,459	45	AAAm
Total fair value	$ 20,364,375		

The Sachse EDC had the following deposits considered to be cash and cash equivalents at year end:

Investment Type	Fair Value
Bank deposits	$ 718,447
Total fair value	$ 718,447

As of September 30, 2016, the primary government had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	$ 8,034,001	0.55

As of September 30, 2016, the Sachse EDC had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	$ 1,007,152	0.21

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2016, the City's investment in TexPool was rated AAAm by Standard & Poor's.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2016, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

B. Receivables

The following comprise receivable balances of the primary government at year end:

	General	Debt Service	Street Maintenance	Special Revenue	Water & Sewer	Total
Property taxes	$ 93,961	$ 30,375	$ -	$ -	$ -	$ 124,336
Sales tax	224,124	-	67,604	-	-	291,728
Franchise taxes	279,795	-	-	-	-	279,795
Fines	153,354	-	-	-	-	153,354
EMS	195,889	-	-	-	-	195,889
Accounts	-	-	-	-	1,707,031	1,707,031
Other	95,539	-	-	7,676	1,042	104,257
Allowance	(260,248)	-	-	-	(29,437)	(289,685)
	$ 782,414	$ 30,375	$ 67,604	$ 7,676	$ 1,678,636	$ 2,566,705

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 8,895,278	$ -	$ -	$ 8,895,278
Construction in progress	1,445,991	1,956,898	(1,366,633)	2,036,256
Total capital assets not being depreciated	10,341,269	1,956,898	(1,366,633)	10,931,534
Capital assets, being depreciated:				
Buildings and improvements	20,101,228	8,460	-	20,109,688
Vehicles and equipment	7,824,221	480,420	74,219	8,378,860
Infrastructure	116,131,189	4,913,651	1,276,119	122,320,959
Total capital assets being depreciated	144,056,638	5,402,531	1,350,338	150,809,507
Less accumulated depreciation				
Buildings and improvements	5,475,917	1,055,870	-	6,531,787
Vehicles and equipment	5,539,364	444,919	(13,440)	5,970,843
Infrastructure	62,382,609	2,562,711	-	64,945,320
Total accumulated depreciation	73,397,890	4,063,500	(13,440)	77,447,950
Net capital assets being depreciated	70,658,748	1,339,031	1,363,778	73,361,557
Total Capital Assets	$ 81,000,017	$ 3,295,929	$ (2,855)	$ 84,293,091

Depreciation was charged to governmental functions as follows:

General government	$ 471,134
Public safety	533,678
Public works	2,807,871
Culture and recreation	250,817
Total Governmental Activities Depreciation Expense	$ 4,063,500

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 346,821	$ 8,200	$ -	$ 355,021
Construction in progress	458,187	1,730,049	(85,079)	2,103,157
Total capital assets not being depreciated	805,008	1,738,249	(85,079)	2,458,178
Capital assets, being depreciated:				
Buildings and improvements	313,503	-	-	313,503
Vehicles and equipment	1,037,409	156,478	-	1,193,887
Infrastructure	44,224,478	1,598,070	85,079	45,907,627
Total capital assets being depreciated	45,575,390	1,754,548	85,079	47,415,017
Less accumulated depreciation				
Buildings and improvements	256,728	5,351	-	262,079
Vehicles and equipment	932,524	34,487	-	967,011
Infrastructure	25,553,511	1,453,989	-	27,007,500
Total accumulated depreciation	26,742,763	1,493,827	-	28,236,590
Net capital assets being depreciated	18,832,627	260,721	85,079	19,178,427
Total Capital Assets	$ 19,637,635	$ 1,998,970	$ -	$ 21,636,605

Depreciation was charged to business-type activities as follows:

Water	$ 902,746
Sewer	591,081
Total Business-Type Activities Depreciation Expense	$ 1,493,827

D. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	$ 36,915,000	$ 20,025,000	$ (21,275,000)	$ 35,665,000	$ 2,165,000
Discount	(14,354)	-	9,525	(4,829)	-
Premium	434,215	2,204,516	(24,123)	2,614,608	-
Tax notes	-	1,200,000	-	1,200,000	160,000
Other liabilities:					
Compensated absences	478,266	554,623	(478,266)	554,623	443,698
Total Governmental Activities	$ 37,813,127	$ 23,984,139	$ (21,767,864)	$ 40,029,402	$ 2,768,698
Long-term liabilities due in more than one year				$ 37,260,704	
Business-Type Activities:					
Bonds, notes and other payables:					
Certificates of Obligation	$ 835,000	$ -	$ (725,000)	$ 110,000	$ 110,000
General Obligation Bonds	-	620,000	-	620,000	-
Preimium	-	66,671	-	66,671	-
Other liabilities:					
Compensated absences	28,165	38,360	(28,165)	38,360	34,524
Total Business-Type Activities	$ 863,165	$ 725,031	$ (753,165)	$ 835,031	$ 144,524
Long-term liabilities due in more than one year				$ 690,507	
Component Unit					
Other liabilities:					
Compensated absences	$ 1,215	$ 1,211	$ 762	$ 3,188	$ 2,869
Total Component Unit	$ 1,215	$ 1,211	$ 762	$ 3,188	$ 2,869
Long-term liabilities due in more than one year				$ 319	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current

revenues from the debt service fund as has been done in prior years. The business-type long-term debt will be repaid, plus accrued interest, from operating revenues of the water and sewer fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Original Balance	Current Balance
Governmental Activities:			
2007 General obligation improvement bonds	4.0-4.15%	$ 6,130,000	$ 575,000
2009 General obligation refunding and improvement bonds	2.20-5.88%	34,560,000	5,770,000
2015 General obligation refunding and improvement bonds	2.0-4.0%	9,470,000	9,295,000
2016 General obligation refunding bonds	2.0-4.0%	20,025,000	20,025,000
2016 Tax notes	2.0-3.0%	1,200,000	1,200,000
Total Governmental Activities		$ 71,385,000	$ 36,865,000
Business-type Activities:			
2007 Certificates of obligation	3.72 - 4.5%	$ 1,530,000	$ 110,000
2016 General obligation refunding bonds	2.0-4.0%	620,000	620,000
Total Business-Type Activities		$ 2,150,000	$ 730,000
Total		$ 73,535,000	$ 37,595,000

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

Year ending	General Obligation Bonds		Tax Notes	
September 30,	Principal	Interest	Principal	Interest
2017	$ 2,165,000	$ 1,155,461	$ 160,000	$ 25,436
2018	1,925,000	1,109,308	165,000	22,800
2019	1,595,000	1,054,414	165,000	19,500
2020	1,655,000	1,000,158	170,000	16,150
2021	1,720,000	939,439	175,000	12,700
2022	1,780,000	889,795	180,000	8,250
2023	1,830,000	844,745	185,000	2,775
2024	1,890,000	789,414	-	-
2025	1,945,000	731,658	-	-
2026	2,005,000	671,533	-	-
2027	2,075,000	599,451	-	-
2028	2,165,000	514,539	-	-
2029	1,820,000	434,723	-	-
2030	1,895,000	360,300	-	-
2031	1,980,000	282,675	-	-
2032	2,325,000	196,419	-	-
2033	2,410,000	112,331	-	-
2034	2,485,000	37,419	-	-
Total	$ 35,665,000	$ 11,723,778	$ 1,200,000	$ 107,611

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Year ending	General Obligation Bonds		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest
2017	-	12,124	$ 110,000	$ 2,200
2018	120,000	11,200	-	-
2019	120,000	8,800	-	-
2020	125,000	6,350	-	-
2021	125,000	3,850	-	-
2022	130,000	1,300	-	-
Total	$ 620,000	$ 43,624	$ 110,000	$ 2,200

E. Advanced Refunding Bond

The City issued $20,645,000 in bonds with interest rates ranging from 2.0-4.0%. The proceeds were used to refund $16,260,000 of outstanding 2009 General refunding and improvement bonds with an interest rate of 5.0-5.25%, $3,690,000 of outstanding 2007 General Obligation bonds with an interest rate of 4.0-4.15%, and $620,000 of outstanding 2007 Certificates of Obligation which had an interest rate of 4.1-4.5% The net proceeds of $22,865,047 (including a $2,220,047 premium and after payment of $333,689 in underwriting fees and other issuance costs) were used to refund the original bond holders. As a result, the liability for those bonds has been removed from the statement of net position. The difference between the reacquisition price and the net carrying amount of the old debt is $1,838,608. This difference is being charged to operations through the year 2031 using the straight-line method. The result is a reduction in total debt service payments over 15 years of $1,307,611.

F. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2010, 2015, and 2016 general obligation refunding and improvement bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental activities totaled $2,886,935 and $51,765 for business-type activities. Current year amortization expense for governmental activities totaled $182,933 and $3,451 for business-type activities.

G. Interfund Transactions

Transfers between the primary government funds during the 2016 year were as follows:

	Transfers In			
Transfers Out	**General**	**Capital Projects**	**Water & Sewer**	**Total Transfers Out**
General	$ -	$ 400,000	$ -	$ 400,000
Debt service	-	-	138,146	138,146
Capital projects	-	-	82,379	82,379
Water and sewer	1,441,302	-	-	1,441,302
Nonmajor	-	-	1,074,272	1,074,272
Total Transfers In	$ 1,441,302	$ 400,000	$ 1,294,797	$ 3,136,099

Transfers from the water and sewer fund were made for operations support costs borne by the general fund. Transfers from the general fund to the capital projects fund were made for construction projects.

The compositions of interfund balances as of year end were as follows:

Funds	Advances to Other Funds	Advances from Other Funds
PGBT Reinvestment Zone		
Water & Sewer	$ -	$ 578,620
Water & Sewer		
PGBT Reinvestment Zone	578,620	-
	$ 578,620	$ 578,620

The purpose of interfund receivables and payables is to loan cash between funds. All balances are expected to be settled with issuance of new debt or the collection of property taxes.

As of year end, the Sachse Economic development fund has advanced the PGBT Reinvestment Zone $1,045,201 for a major sewer expansion project. The advance will be paid back by future property tax.

H. Assigned Fund Balance

The City assigns fund balance for expenditures designated for specific purposes.

	General Fund
Assigned for:	
Police Body Cameras	$ 13,047
VERF	100,000
Hail damage repairs	73,293
Total	$ 186,340

I. Restricted Net Position

The City records restricted net position to indicate that a portion is legally restricted for a specific future use.

The following is a list of restricted net position of the City:

	Governmental Activities	Sachse EDC
Restricted for:		
Debt service	$ 319,601	$ -
Capital improvements	7,841,255	-
* Municipal court	231,219	-
* Street maintenance	226,558	-
Economic development	-	3,127,589
Total	$ 8,618,633	$ 3,127,589

* Restricted by enabling legislation

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

GASB 62 defines probability of loss contingencies as the following:

Probable. The future event or events are likely to occur.

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
Remote. The chance of the future event or events occurring is slight.

Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The City is currently involved in a lawsuit with estimated damage claims in excess of $10 million dollars. The City estimates it has a 70% chance of prevailing in this case and that this loss contingency is reasonably possible, but not probable.

C. Construction Commitments

The government has active construction projects as of September 30, 2016. The projects include street construction and improvements and the construction of additional water lines and repairs. At year end the government's commitments with contractors are as follows:

Project		Spent-to-Date	Remaining Commitment
Government Activities:			
P-25 Digital Radio Upgrade		$ 450,271	$ 499,729
Third Sewer Connection		1,762,189	166,636
SH 78 & 5th St Lighting		811,486	253,462
	Total	$ 3,023,946	$ 919,827

D. Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

The City of Sachse participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the

Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2014	Plan Year 2015
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	117
Active employees	136
Total	309

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Sachse were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Sachse were 13.03% and 13.42% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were $1,089,753, and were equal to the required contributions.

4. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5 to 10.50% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a

Mortality Experience Investigation Study covering 2009 through 2013, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method i which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	**100.0%**	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 8,588,380	$ 4,416,157	$ 1,083,621

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/14	**$** 22,028,136	**$** 18,986,993	**$** 3,041,143
Changes for the year:			
Service Cost	1,293,172	-	1,293,172
Interest	1,563,772	-	1,563,772
Difference between expected and actual experience	(79,733)	-	(79,733)
Changes of assumptions	110,669	-	110,669
Contributions – employer	-	982,512	(982,512)
Contributions – employee	-	520,242	(520,242)
Net investment income	-	28,020	(28,020)
Benefit payments, including refunds of emp. contributions	(670,232)	(670,232)	-
Administrative expense	-	(17,065)	17,065
Other changes	-	(843)	843
Net changes	2,217,648	842,634	1,375,014
Balance at 12/31/15	**$** 24,245,784	**$** 19,829,627	**$** 4,416,157

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of $1,305,749.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 41,097
Difference between projected and investment earnings	1,173,130	-
Contributions subsequent to the measurement date	807,665	-
Total	$ 1,980,795	$ 41,097

The City reported $807,665 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2017	$ 280,229
2018	280,229
2019	311,054
2020	260,521
Thereafter	$ -
Total	1,132,033

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

The City offers supplemental death to:	Plan Year 2014	Plan Year 2015
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were $1,637, $2,059 and $1,936, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2013	0.02%	0.02%	100.0%
2014	0.02%	0.02%	100.0%
2015	0.02%	0.02%	100.0%

E. Tax Abatement Disclosures

The City has entered into sales tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. Under the terms of the City's agreements, the City will refund 80% of the City's portion of sales tax paid by the businesses annually. There are currently two existing agreements expiring October 20, 2025 and March 7, 2025. The City abated $17,486 under these agreements during the current year.

The Sachse EDC entered into a sales tax with a local business under Chapters 501-505 of the Texas Local Government Code. Under the terms of the Sachse EDC's agreement, 80% of its sales tax receipts related to sales generated by the business. The maximum amount of this sales tax agreement is $282,712. This agreement expires January 23, 2023. The Sachse EDC did not abate any taxes related to this agreement in the current year.

F. Restatement

The City has restated beginning fund balance within governmental activities due to an error. The City's PGBT Reinvestment Zone's boundaries were incorrectly entered into two different agencies that collect property taxes for the City. As a result general fund property tax revenues were understated and PGBT Reinvestment Zone's property tax was overstated. The restatement of beginning net position/fund balance is as follows:

	General Fund	PGBT Reinvestment Zone
Prior year ending net position fund balance as reported	$ 6,702,149	$ (472,960)
Correction of property tax collections	134,730	(134,730)
Restated beginning net position/fund balance	$ 6,836,879	$ (607,690)

G. Subsequent Events

There were no material subsequent events through April 10, 2017, the date the financial statements were issued.

H. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement No. 72, entitled *Fair Value Measurement and Application;* The provisions of GASB Statement No. 72 are effective for reporting periods beginning after June 15, 2015. GASB Statement No. 72 provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The statement generally requires state and local governments to measure investments at fair value. The statement defines an *investment* as a security or

other asset that (*a*) a government holds primarily for the purpose of income or profit and (*b*) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. *Fair value* is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. The City has adopted this statement during the current fiscal year, but it had no material effect on these accompanying financial statements.

The City implemented GASB issued Statement No. 77; titled, *Tax Abatement Disclosures* in the current year.

The GASB issued Statement No. 74 titled, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans;* GASB Statement No. 75, titled, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions;* GASB Statement No. 78, titled, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,* which will require adoption in the future, if applicable. These statements may or will have a material effect on the City's financial statements once implemented. The City will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

REQUIRED SUPPLEMENTARY INFORMATION

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2016

	Original Budget	Final Budget	2016 Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	$ 9,106,824	$ 9,106,824	$ 9,206,693	$ 99,869
Sales tax	1,244,094	1,244,094	1,479,006	234,912
Franchise and local taxes	1,143,324	1,143,324	1,180,286	36,962
License, permits and fees	1,214,200	1,214,200	1,724,047	509,847
Intergovernmental	378,186	378,186	229,514	(148,672)
Fines and forfeitures	275,000	275,000	262,197	(12,803)
Investment income	12,000	12,000	19,706	7,706
Other revenue	53,514	53,514	127,134	73,620
Total Revenues	13,427,142	13,427,142	14,228,583	801,441
Expenditures				
Current:				
General government				
City manager	374,652	383,652	362,518	21,134
City secretary	157,148	141,048	129,846	11,202
Human resources	294,803	294,803	280,230	14,573
Finance	608,428	608,428	575,867	32,561
Municipal court	212,197	212,197	204,969	7,228
Public safety				
Police	4,496,001	4,287,801	4,183,872	103,929
Animal control	198,172	198,172	190,201	7,971
Fire and ambulance	3,075,682	3,089,682	3,098,784	(9,102)
Public works				
Streets	1,189,147	1,219,454	1,184,100	35,354
Facility maintenance	438,404	452,563	448,913	3,650
City engineer	299,968	269,661	249,238	20,423
Culture and recreation				
Parks and recreation	957,875	990,147	985,056	5,091
Seniors	122,821	124,621	122,336	2,285
Library services	302,686	315,055	310,665	4,390
Community development	810,899	868,099	831,719	36,380
Nondepartmental	547,463	584,963	564,368	20,595
Capital outlay	357,500	403,500	452,015	(48,515)
Total Expenditures	14,443,846	14,443,846	14,174,697	269,149
Revenues Over (Under)	(1,016,704)	(1,016,704)	53,886	1,070,590

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2016

	Original Budget	Final Budget	2016 Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)				
Transfers in	1,377,203	1,377,203	1,441,302	64,099
Transfers (out)	(200,000)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	1,177,203	977,203	1,041,302	64,099
Net Change in Fund Balance	$ 160,499	$ (39,501)	1,095,188	$ 1,134,689
Beginning fund balance			6,836,879	
Ending Fund Balance			$ 7,932,067	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

IMPACT FEE FUND

For the Year Ended September 30, 2016

	Original & Final Budget	2016 Actual	Variance with Final Budget Positive (Negative)
Revenues			
Impact and development fees	$ 325,000	$ 1,022,593	$ 697,593
Investment income	5,000	12,977	7,977
Total Revenues	330,000	1,035,570	705,570
Other Financing Sources (Uses)			
Transfers in	728,000	-	(728,000)
Total Other Financing Sources (Uses)	728,000	-	(728,000)
Net Change in Fund Balance	$ 1,058,000	1,035,570	$ (22,430)
Beginning fund balance		5,240,639	
Ending Fund Balance		$ 6,276,209	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS [1]

For the Year Ended September 30, 2015

	2015	2014
Total pension liability		
Service cost	$ 1,293,172	$ 1,042,550
Interest	1,563,772	1,430,625
Changes in benefit terms	-	-
Differences between expected and actual experience	(79,733)	(127,842)
Changes of assumptions	110,669	-
Benefit payments, including refunds of participant contributions	(670,232)	(466,852)
Net change in total pension liability	2,217,648	1,878,481
Total pension liability - beginning	$ 22,028,136	$ 20,149,655
Total pension liability - ending (a)	$ 24,245,784	$ 22,028,136
Plan fiduciary net position		
Contributions - employer	$ 982,512	$ 770,437
Contributions - members	520,242	458,268
Net investment income	28,020	986,994
Benefit payments, including refunds of participant contributions	(670,232)	(466,852)
Administrative expenses	(17,065)	(10,302)
Other	(843)	(847)
Net change in plan fiduciary net position	842,634	1,737,698
Plan fiduciary net position - beginning	18,986,993	17,249,295
Plan fiduciary net position - ending (b)	$ 19,829,627	$ 18,986,993
Fund's net pension liability - ending (a) - (b)	$ 4,416,157	$ 3,041,143
Plan fiduciary net position as a percentage of the total pension liability	81.79%	86.19%
Covered employee payroll	$ 7,432,025	$ 6,546,680
Fund's net position as a percentage of covered employee payroll	59.42%	46.45%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

City of Sachse, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN [1]

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2016

	9/30/2016	9/30/2015
Actuarially determined employer contributions	$ 1,106,275	$ 893,569
Contributions in relation to the actuarially determined contribution	$ 1,106,275	$ 893,569
Contribution deficiency (excess)	$ -	$ -
Annual covered employee payroll	$ 8,185,274	$ 7,047,207
Employer contributions as a percentage of covered employee payroll	13.52%	12.68%

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2009 - 2013
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes	There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended September 30, 2016

	Original & Final Budget	2016 Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property tax	$ 3,001,087	$ 2,995,213	$ (5,874)
Investment income	1,500	589	(911)
Total Revenues	3,002,587	2,995,802	(6,785)
Expenditures			
Debt service:			
Principal	1,325,000	1,325,000	-
Interest	1,554,433	1,672,947	(118,514)
Bond issuance costs	-	372,256	(372,256)
Total Expenditures	2,879,433	3,370,203	(490,770)
Revenues Over (Under) Expenditures	123,154	(374,401)	483,985
Other Financing Sources (Uses)			
Transfers in (out)	(138,146)	(138,146)	-
Proceeds from bond issuance	-	21,225,000	(21,225,000)
Premium on bonds issued	-	2,204,516	(2,204,516)
Payment to escrow agent	-	(21,733,392)	21,733,392
Total Other Financing Sources (Uses)	(138,146)	1,557,978	(1,696,124)
Net Change in Fund Balance	$ (14,992)	1,183,577	$ 1,198,569
Beginning fund balance		336,024	
Ending Fund Balance		$ 1,519,601	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL STREET MAINTENANCE FUND

For the Year Ended September 30, 2016

	Original & Final Budget	2016 Actual	Variance with Final Budget Positive (Negative)
Revenues			
Sales tax	$ 304,879	$ 365,633	$ 60,754
Investment income	200	54	(146)
Total Revenues	305,079	365,687	60,608
Expenditures			
Capital outlay	314,879	221,679	93,200
Total Expenditures	314,879	221,679	93,200
Net Change in Fund Balance	$ (9,800)	144,008	$ 153,808
Beginning fund balance		82,550	
Ending Fund Balance		$ 226,558	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUND

For the Year Ended September 30, 2016

	Original & Final Budget	2016 Actual	Variance with Final Budget Positive (Negative)
Revenues			
License, permits and fees	$ 10,000	$ 19,581	$ 9,581
Grants and donations	-	10,579	10,579
Fines and forfeitures	47,200	29,729	(17,471)
Investment income	480	306	(174)
Other revenue	-	60	60
Total Revenues	57,680	60,255	2,575
Expenditures			
General government			
City manager	52,000	3,602	48,398
Municipal court	33,200	8,143	25,057
Public safety			
Police	3,000	10,436	(7,436)
Animal control	10,000	5,911	4,089
Culture and recreation	27,000	37,895	(10,895)
Total Expenditures	125,200	65,987	59,213
Other Financing Sources (Uses)			
Transfers (Out)	(100,000)	-	100,000
Total Other Financing Sources (Uses)	(100,000)	-	100,000
Net Change in Fund Balance	$ (167,520)	(5,732)	$ 161,788
Beginning fund balance		893,170	
Ending Fund Balance		$ 887,438	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL SACHSE ECONOMIC DEVELOPMENT CORPORATION

For the Year Ended September 30, 2016

	Original & Final Budget	2016 Actual	Variance with Final Budget Positive (Negative)	
Revenues				
Sales tax	$ 609,759	$ 731,010	$ 121,251	
Grants and donations	-	10,000	10,000	
Investment income	8,000	4,567	(3,433)	
Other income	-	5,000	5,000	
Total Revenues	617,759	750,577	132,818	
Expenses				
Economic development	699,565	1,817,186	(1,117,621)	*
Total Expenses	699,565	1,817,186	(1,117,621)	
Change in Net Position	$ (81,806)	(1,066,609)	$ (984,803)	
Beginning net position		4,194,198		
Ending Net Position		$ 3,127,589		

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Sachse, Texas

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

September 30, 2016

	Health Insurance
Assets	
Cash and cash equivalents	$ 275,328
Receivables, net	-
Total Assets	275,328
Liabilities	
Accounts payable	-
Total Liabilities	-
Net Position	
Unrestricted	275,328
Total Net Position	$ 275,328

Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUND

For the Year Ended September 30, 2016

	Health Insurance
Operating Revenues	
Charges for services	$ 935,816
Total Operating Revenues	935,816
Operating Expenses	
Health insurance:	862,343
Total Operating Expenses	862,343
Operating Income	73,473
Nonoperating Revenues (Expenses)	
Investment income	52
Total Nonoperating Revenues (Expenses)	52
Change in Net Position	73,525
Beginning net position	201,803
Ending Net Position	$ 275,328

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND

For the Year Ended September 30, 2016

	Health Insurance
Cash Flows from Operating Activities	
Receipts from customers	$ 935,816
Payments to suppliers	(862,343)
Net Cash (Used for) Operating Activities	73,473
Cash Flows from Investing Activities	
Interest on investments	52
Net Cash Provided by Investing Activities	52
Net Increase in Cash and Cash Equivalents	73,525
Beginning cash and cash equivalents	201,803
Ending Cash and Cash Equivalents	$ 275,328

See Notes to Financial Statements.

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends 96

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 107

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity 114

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 119

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 121

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Sachse, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010
Governmental Activities				
Net investment in capital assets	$ 45,783,623	$ 46,034,267	$ 39,684,306	$ 39,406,692
Restricted	1,079,709	5,803,620	6,450,181	4,351,532
Unrestricted	4,751,835	916,963	3,466,887	3,306,201
Total Governmental Activities Net Position	$ 51,615,167	$ 52,754,850	$ 49,601,374	$ 47,064,425
Business-type Activities				
Net investment in capital assets	$ 17,526,144	$ 17,732,575	$ 18,430,141	$ 17,765,521
Unrestricted	4,258,302	4,516,759	4,071,282	3,602,007
Total Business-type Activities Net Position	$ 21,784,446	$ 22,249,334	$ 22,501,423	$ 21,367,528
Primary Government				
Net investment in capital assets	$ 63,309,767	$ 63,766,842	$ 58,114,447	$ 57,172,213
Restricted	1,079,709	5,803,620	6,450,181	4,351,532
Unrestricted	9,010,137	5,433,722	7,538,169	6,908,208
Total Primary Government Net Position	$ 73,399,613	$ 75,004,184	$ 72,102,797	$ 68,431,953

2011	2012	2013	2014	2015	2016
$ 36,887,507	$ 36,691,052	$ 37,377,384	$ 48,982,879	$ 49,395,981	$ 52,071,872
5,622,243	12,723,690	14,002,442	9,721,020	11,827,722	8,618,633
3,560,788	2,628,448	3,436,221	(1,414,544)	(519,752)	4,049,157
$ 46,070,538	$ 52,043,190	$ 54,816,047	$ 57,289,355	$ 60,703,951	$ 64,739,662
$ 16,769,366	$ 16,223,230	$ 16,169,507	$ 18,603,126	$ 18,802,635	$ 20,509,338
3,051,716	3,442,913	2,600,084	2,586,599	4,232,573	7,450,081
$ 19,821,082	$ 19,666,143	$ 18,769,591	$ 21,189,725	$ 23,035,208	$ 27,959,419
$ 53,656,873	$ 52,914,282	$ 53,546,891	$ 67,586,005	$ 68,198,616	$ 72,581,210
5,622,243	12,723,690	14,002,442	9,721,020	11,827,722	8,618,633
6,612,504	6,071,361	6,036,305	1,172,055	3,712,821	11,499,238
$ 65,891,620	$ 71,709,333	$ 73,585,638	$ 78,479,080	$ 83,739,159	$ 92,699,081

City of Sachse, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	$ 1,165,132	$ 2,061,008	$ 2,306,206	$ 2,234,555
Public safety	4,735,242	5,122,627	5,196,405	5,529,604
Public works	3,334,704	3,467,466	5,322,948	5,182,386
Culture and recreation	1,033,235	1,162,603	1,365,603	1,234,883
Community development	1,231,869	8,819,061	617,616	630,764
Interest and fiscal charges	217,332	207,484	1,463,452	1,932,003
Total governmental activities	11,717,514	20,840,249	16,272,230	16,744,195
Business-type activities:				
Water and sewer	4,640,582	5,003,566	5,487,160	5,952,236
Total business-type activities	4,640,582	5,003,566	5,487,160	5,952,236
Total primary government	$ 16,358,096	$ 25,843,815	$ 21,759,390	$ 22,696,431
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 472,491	$ 441,333	$ 334,331	$ 63,958
Public safety	883,435	713,814	500,042	508,356
Public works	129,384	111,109	83,002	91,740
Culture and recreation	47,779	109,031	71,839	70,160
Community development	288,518	176,360	136,128	361,538
Operating grants and contributions	149,774	401,576	124,155	128,218
Capital grants and contributions	2,478,539	1,373,884	78,763	272,333
Total governmental activities	4,449,920	3,327,107	1,328,260	1,496,303
Business-type activities:				
Charges for services:				
Water and sewer	4,429,192	5,218,473	4,384,868	4,866,712
Operating grants and contributions	55,299	-	-	-
Capital grants and contributions	1,514,799	741,816	1,900,735	909,613
Total business-type activities	5,999,290	5,960,289	6,285,603	5,776,325
Total primary government	$ 10,449,210	$ 9,287,396	$ 7,613,863	$ 7,272,628
Net (Expense)/Revenue				
Governmental activities	$ (7,267,594)	$ (17,513,142)	$ (14,943,970)	$ (15,247,892)
Business-type activities	1,358,708	956,723	798,443	(175,911)
Total primary government	$ (5,908,886)	$ (16,556,419)	$ (14,145,527)	$ (15,423,803)

2011	2012	2013	2014	2015	2016
$ 2,650,864	$ 2,914,720	$ 2,837,444	$ 2,332,316	$ 2,330,847	$ 2,500,102
5,990,913	5,609,669	5,858,865	6,176,967	6,854,653	8,191,197
3,489,615	3,413,399	3,654,946	3,914,293	4,415,483	5,056,488
1,343,744	1,354,401	1,359,697	1,427,948	1,557,475	1,739,147
627,009	522,175	591,605	616,439	677,184	900,457
1,910,952	1,877,579	1,829,322	1,802,117	2,022,071	2,105,723
16,013,097	15,691,943	16,131,879	16,270,080	17,857,713	20,493,114
6,645,238	6,474,428	6,241,148	6,590,497	7,238,771	8,128,858
6,645,238	6,474,428	6,241,148	6,590,497	7,238,771	8,128,858
$ 22,658,335	$ 22,166,371	$ 22,373,027	$ 22,860,577	$ 25,096,484	$ 28,621,972
$ 88,284	$ 99,268	$ 24,005	$ 13,702	$ 10,750	$ 720
475,200	569,403	791,140	952,056	871,054	596,562
2,997	-	975,880	1,458,819	1,216,081	1,315,780
70,676	-	-	-	-	-
376,788	672,699	717,682	1,055,577	1,804,213	1,169,517
146,815	7,414,865	763,815	7,587	521,003	744,975
293,001	733,599	927,450	5,054,515	1,745,994	4,913,651
1,453,761	9,489,834	4,199,972	8,542,256	6,169,095	8,741,205
4,863,884	5,273,953	7,029,639	6,866,641	9,137,569	10,382,099
-	-	-	-	-	-
1,127,986	385,859	477,579	2,019,038	1,233,994	2,810,315
5,991,870	5,659,812	7,507,218	8,885,679	10,371,563	13,192,414
$ 7,445,631	$ 15,149,646	$ 11,707,190	$ 17,427,935	$ 16,540,658	$ 21,933,619
$ (14,559,336)	$ (6,202,109)	$ (11,931,907)	$ (7,727,824)	$ (11,688,618)	$ (11,751,909)
(653,368)	(814,616)	1,266,070	2,295,182	3,132,792	5,063,556
$ (15,212,704)	$ (7,016,725)	$ (10,665,837)	$ (5,432,642)	$ (8,555,826)	$ (6,688,353)

City of Sachse, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	2007	2008	2009	2010
General Revenues				
Governmental activities:				
Taxes:				
Property taxes	$ 5,790,305	$ 6,345,254	$ 7,304,775	$ 8,526,042
Sales and other taxes	3,310,322	11,375,482	3,537,454	2,965,927
Investment earnings	367,476	390,571	420,591	279,896
Other income	86,890	89,725	113,067	75,326
Transfers, net	367,145	451,792	414,607	863,752
Total governmental activities	9,922,138	18,652,824	11,790,494	12,710,943
Business-type activities:				
Investment earnings	204,514	143,922	64,398	22,281
Other Income	9,694	-	-	-
Transfers, net	(367,145)	(451,792)	(414,607)	(863,752)
Total business-type activities	(152,937)	(307,870)	(350,209)	(841,471)
Total primary government	$ 9,769,201	$ 18,344,954	$ 11,440,285	$ 11,869,472
Change in Net Position				
Governmental activities	$ (7,591,004)	$ 3,708,854	$ (3,457,398)	$ (1,848,393)
Business-type activities	803,786	490,573	(526,120)	(1,494,839)
Total primary government	$ (6,787,218)	$ 4,199,427	$ (3,983,518)	$ (3,343,232)

2011	2012	2013	2014	2015	2016
$ 8,614,447	$ 9,476,356	$ 9,560,239	$ 9,951,685	$ 10,938,125	$ 12,296,608
3,735,391	1,786,926	1,873,822	2,390,224	2,790,620	3,024,925
50,297	35,398	30,518	30,724	33,900	50,842
5,473	30,161	80,843	280,569	51,290	268,740
1,159,841	1,177,341	1,252,689	(263,672)	1,289,279	146,505
13,565,449	12,506,182	12,798,111	12,389,530	15,103,214	15,787,620
3,010	2,985	3,934	837	1,970	7,160
3,069	-	271,595	-	-	-
(1,159,841)	(1,177,341)	(1,252,689)	263,672	(1,289,279)	(146,505)
(1,153,762)	(1,174,356)	(977,160)	264,509	(1,287,309)	(139,345)
$ 12,411,687	$ 11,331,826	$ 11,820,951	$ 12,654,039	$ 13,815,905	$ 15,648,275
$ 7,363,340	$ 574,275	$ 5,070,287	$ 4,661,706	$ 3,414,596	$ 4,035,711
(1,968,378)	91,714	1,318,022	2,559,691	1,845,483	4,924,211
$ 5,394,962	$ 665,989	$ 6,388,309	$ 7,221,397	$ 5,260,079	$ 8,959,922

City of Sachse, Texas

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	2007	2008	2009	2010
General fund:				
Reserved	$ 6,407	$ 17,752	$ 1,694	$ 49,815
Unreserved	3,356,380	3,222,355	3,344,798	3,051,597
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	$ 3,362,787	$ 3,240,107	$ 3,346,492	$ 3,101,412
All other governmental funds:				
Reserved for:				
Debt service	$ 210,945	$ 262,835	$ -	$ 574,621
Unreserved, reported in:				
Special revenue funds	1,397,433	1,262,603	379,137	235,652
Debt service	-	-	(690,180)	-
Capital projects funds	861,417	5,603,353	32,400,420	14,410,810
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ 2,469,795	$ 7,128,791	$ 32,089,377	$ 15,221,083

Note: The City implemented GASB Statement 54 in fiscal year 2011.

2011	2012	2013	2014	2015	2016
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
14,716	324,106	28,231	72,675	101,621	21,970
-	-	-	450,000	54,000	186,340
3,194,885	3,490,845	4,631,243	5,568,904	6,546,528	7,723,757
$ 3,209,601	$ 3,814,951	$ 4,659,474	$ 6,091,579	$ 6,702,149	$ 7,932,067
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,330,073	12,723,690	14,002,442	10,226,460	11,827,722	13,280,191
578,537	-	-	-	-	-
(1,129,437)	(711,923)	(707,251)	(614,301)	(472,960)	(1,623,821)
$ 13,779,173	$ 12,011,767	$ 13,295,191	$ 9,612,159	$ 11,354,762	$ 11,656,370

City of Sachse, Texas

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	2007	2008	2009	2010
Revenues				
Property taxes	$ 5,829,802	$ 6,334,180	$ 7,305,974	$ 8,528,384
Sales and other taxes	3,350,242	3,212,532	3,537,454	2,965,927
Licenses, permits, & fees	1,273,438	931,515	782,354	775,583
Grants and contributions	215,827	480,554	130,534	314,184
Fines and forfeitures	491,411	470,339	342,592	302,285
Impact and development fees	249,037	198,673	72,578	86,367
Investment income	367,476	390,571	420,591	279,896
Other revenue	116,422	109,058	130,928	89,991
Total Revenues	11,893,655	12,127,422	12,723,005	13,342,617
Expenditures				
General government	1,146,484	1,136,248	1,295,664	1,185,963
Public safety	4,395,529	4,859,573	4,912,048	5,143,852
Public works	1,300,255	1,207,999	1,263,757	1,360,400
Culture and recreation	916,667	1,569,532	4,567,958	1,078,422
Community development	1,219,360	640,446	611,220	625,773
Nondepartmental	-	905,125	989,802	1,025,096
Debt service				
Principal	387,456	400,468	599,591	730,000
Interest	217,332	201,334	1,202,984	1,918,372
Bond issuance costs	-	104,308	301,417	573
Capital outlay	2,405,561	3,029,163	4,118,191	18,492,611
Total Expenditures	11,988,644	14,054,196	19,862,632	31,561,062
Revenues Over (Under) Expenditures	(94,989)	(1,926,774)	(7,139,627)	(18,218,445)
Other Financing Sources (Uses)				
Transfers in	378,448	537,435	456,521	589,661
Transfers (out)	(115,188)	(170,290)	(4,729)	(175,054)
Debt issued	150,000	-	6,130,000	34,560,000
Premium on bonds issued	-	-	51,518	411,052
Discount on bonds issued	-	-	(70,219)	(415,403)
Payment to refunded escrow agent	-	-	-	(2,624,122)
Sale of capital assets	164,950	6,043	-	1,783
Total Other Financing Sources	578,210	373,188	6,563,091	32,347,917
Net Change in Fund Balances	$ 483,221	$ (1,553,586)	$ (576,536)	$ 14,129,472
Ratio of total debt service expenditures to noncapital	6%	6%	13%	20%

2011	2012	2013	2014	2015	2016
$ 8,600,635	$ 9,477,053	$ 9,568,319	$ 9,944,708	$ 10,928,163	$ 12,260,047
4,031,480	1,786,926	1,873,822	2,390,224	2,790,620	3,024,925
690,092	967,914	1,338,304	1,830,459	1,612,769	1,743,628
387,770	7,414,865	941,473	183,780	710,470	974,489
315,807	368,027	430,191	556,379	458,477	291,926
52,046	54,069	569,111	910,006	1,657,973	1,022,593
50,297	35,398	30,518	30,669	33,900	50,842
28,301	30,161	80,843	280,569	51,290	271,595
14,156,428	20,134,413	14,832,581	16,126,794	18,243,662	19,640,045
1,274,628	1,289,341	1,260,611	1,313,993	1,601,990	1,565,175
5,374,003	5,011,291	5,470,231	5,278,726	6,274,349	7,466,728
1,309,120	1,300,324	1,470,995	1,344,008	1,781,872	1,882,251
1,098,286	1,109,565	1,140,846	1,114,822	1,269,794	1,455,952
623,017	518,934	588,698	569,864	673,506	831,719
1,063,452	1,094,219	1,112,937	437,015	493,412	564,368
865,000	945,000	1,035,000	1,125,000	1,195,000	1,325,000
1,891,787	1,862,385	1,831,270	1,799,446	1,762,998	1,672,947
573	-	-	-	177,355	372,256
3,187,154	9,342,751	1,538,289	4,141,606	2,129,457	2,814,752
16,687,020	22,473,810	15,448,877	17,124,480	17,359,733	19,951,148
(2,530,592)	(2,339,397)	(616,296)	(997,686)	883,929	(311,103)
2,233,667	1,642,521	2,739,122	1,708,777	1,289,279	1,841,302
(1,369,915)	(778,769)	(1,561,781)	(2,668,521)	-	(1,694,797)
-	-	-	-	9,470,000	21,225,000
-	-	-	-	458,338	2,204,516
-	-	-	-	-	-
-	-	-	-	(9,748,373)	(21,733,392)
-	-	-	-	-	-
863,752	863,752	1,177,341	(959,744)	1,469,244	1,842,629
$ (1,666,840)	$ (1,475,645)	$ 561,045	$ (1,957,430)	$ 2,353,173	$ 1,531,526
20%	21%	21%	23%	21%	20%

City of
Sachse

City of Sachse, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2007	$ 1,159,232,775	$ 27,492,978	$ 54,164,913	$ 1,132,560,840	0.55832
2008	1,230,433,837	30,098,392	56,599,871	1,203,932,358	0.55832
2009	1,247,325,789	31,837,705	65,308,411	1,213,855,083	0.55341
2010	1,269,254,588	28,781,053	104,232,665	1,193,802,976	0.61000
2011	1,296,895,777	29,326,411	92,056,890	1,234,165,298	0.70582
2012	1,305,838,280	29,242,328	96,519,435	1,238,561,173	0.70582
2013	1,320,191,067	30,495,096	101,886,747	1,248,799,416	0.77082
2014	1,373,728,433	31,359,625	104,461,852	1,300,626,206	0.77082
2015	1,494,745,899	37,218,335	107,372,189	1,424,592,045	0.77082
2016	1,767,124,588	49,699,237	181,214,076	1,635,609,749	0.75728

Note: Tax rates per $100 of assessed valuation.
Source: City of Sachse Budget Document.
Dallas & Collin Central Appraisal Districts.

City of Sachse, Texas

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	2007	2008	2009	2010
Direct Rates:				
City of Sachse - Operating	0.48116	0.49758	0.51389	0.51389
City of Sachse - Debt Service	0.07716	0.05582	0.09611	0.19193
Total Direct Rate	0.55832	0.55341	0.61000	0.70582
Overlapping Rates:				
Garland Independent School District	1.54490	1.25330	1.25330	1.25330
Dallas County	0.55393	0.56721	0.57643	0.60221
Total Dallas County Entities	2.09883	1.82051	1.82973	1.85551
Wylie Independent School District	1.70250	1.39000	1.51000	1.59000
Collin County	0.33270	0.33198	0.32899	0.32880
Total Collin County Entities	2.03520	1.72198	1.83899	1.91880

Tax rates per $100 of assessed valuation.
Source: Dallas & Collin Central Appraisal Districts and City records.

2011	2012	2013	2014	2015	2016
0.53389	0.59889	0.59889	0.55903	0.57228	0.56200
0.17193	0.17193	0.17193	0.21179	0.18500	0.19528
0.70582	0.77082	0.77082	0.77082	0.75728	0.75728
1.25330	1.25330	1.25330	1.25330	1.35330	1.46000
0.62333	0.62377	0.62377	0.65388	0.66275	0.65470
1.87663	1.87707	1.87707	1.90718	2.01605	2.11470
1.64000	1.64000	1.64000	1.64000	1.64000	1.64000
0.32630	0.32630	0.32630	0.31696	0.30696	0.28962
1.96630	1.96630	1.96630	1.95696	1.94696	1.92962

City of
Sachse

City of Sachse, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

	2016			2007		
Property Tax Payer	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**
Western Rim Investors	$ 37,402,560	1	2.00%	$ -	n/a	-
LIPT Oak Grove LLC	16,825,000	2	0.90%	-	n/a	-
Woodbridge Villas LLC	16,506,435	3	0.88%	13,669,696	2	1.32%
WalMart Real Estate Trust	13,645,182	4	0.73%	-	n/a	-
WalMart Stores Texas LLC	8,584,271	5	0.46%	-	n/a	-
Oncor Electric	7,835,490	6	0.42%	-	n/a	-
DREH LLC	6,045,540	7	0.32%	-	n/a	-
Woodbridge Gate LAF LP	4,593,074	8	0.25%	-	n/a	-
Kroger Limited Pnshp II	3,625,540	9	0.19%	-	n/a	-
Oxford Sachse Memory Care	3,487,710	10	0.19%	-	n/a	-
Realty Assoc Iowa Corp	-	n/a	-	19,004,430	1	1.84%
Woodbridge Prop Inc.	-	n/a	-	7,706,025	3	0.75%
Jackson Meadows Partners	-	n/a	-	5,363,110	4	0.52%
Texas Utilities Elec Co	-	na	-	5,064,100	5	0.49%
Verizon/GTE	-	n/a	-	4,024,600	6	0.39%
Harlan Properties	-	n/a	-	2,901,925	7	0.28%
Woodbridge Shopping Ctr	-	n/a	-	2,788,759	8	0.27%
TXU Electric Delivery Co	-	n/a	-	2,409,050	9	0.23%
ME NTB Lachse LP	-	n/a	-	2,406,780	10	0.23%
Total	$ 118,550,802		6.34%	$ 65,338,475		5.77%
Total Assessed Valuation	$ 1,635,609,749		100%	$ 1,132,560,840		100%

Source: Tax Office.

Note: Property is assessed as of January 1 and certified to the City by July 25 for taxable values.

City of Sachse, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	2007	2008	2009	2010
Tax levy	$ 5,723,724	$ 6,266,916	$ 7,227,992	$ 8,471,702
Current tax collected	$ 5,649,957	$ 6,203,890	$ 7,217,309	$ 8,446,396
Percent of current tax collections	98.71%	98.99%	99.85%	99.70%
Delinquent tax collections	$ 71,649	$ 60,970	$ 2,993	$ 17,094
Total tax collections	$ 5,721,606	$ 6,264,860	$ 7,220,302	$ 8,463,490
Total collections as a percentage of levy	100%	100%	100%	100%

Source: Dallas and Collin County reports.

2011	2012	2013	2014	2015	2016
$ 8,603,645	$ 9,444,654	$ 9,599,026	$ 9,864,675	$ 10,773,241	$ 12,186,445
$ 8,510,978	$ 9,389,230	$ 9,443,766	$ 9,762,321	$ 10,646,371	$ 12,161,606
98.92%	99.41%	98.4%	99.0%	98.8%	99.8%
$ 72,492	$ 41,669	$ 119,881	$ 56,611	$ 126,870	$ -
$ 8,583,470	$ 9,430,899	$ 9,563,647	$ 9,818,932	$ 10,773,241	$ 12,161,606
100%	100%	99.6%	99.5%	100%	99.8%

City of Sachse, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	2007	2008	2009	2010
Governmental activities:				
General Obligation Bonds	$ 156,598	$ 6,256,483	$ 40,510,000	$ 39,935,000
Discount			(54,672)	(45,147)
Certificates of Obligation	4,503,407	4,133,054	1,235,000	1,080,000
Notes payable	-	-	-	-
Business-type activities:				
General Obligation Bonds	$ 103,402	$ 19,885	$ -	$ -
Certificates of Obligation	1,661,593	90,524	1,375,000	1,295,000
Total primary government	$ 6,425,000	10,499,946	43,065,328	42,264,853
Percentage of personal income (1)	1.43%	2.28%	9.00%	8.14%
Per capita (1)	$ 270	$ 577	$ 2,223	$ 2,015

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) Personal income and population data is disclosed on page 108.

2011	2012	2013	2014	2015	2016
$ 39,235,000	$ 38,455,000	$ 37,595,000	$ 36,575,000	$ 36,915,000	$ 35,665,000
(35,622)	(26,097)	(16,572)	(15,463)	(14,354)	(4,829)
915,000	750,000	575,000	470,000	-	-
-	-	-	-	-	1,200,000
$ -	$ -	$ -	$ -	$ -	$ 620,000
1,210,000	1,120,000	1,030,000	935,000	835,000	110,000
41,324,378	40,298,903	39,183,428	37,964,537	37,735,646	37,590,171
7.87%	6.24%	6.00%	5.09%	5.06%	4.48%
$ 1,950	$ 1,905	$ 1,836	$ 1,559	$ 1,553	$ 1,526

City of Sachse, Texas

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	2007	2008	2009	2010
NET TAXABLE ASSESSED VALUE				
All property	$ 1,132,560,840	$ 1,203,932,358	$ 1,213,855,083	$ 1,193,802,976
NET BONDED DEBT (1)				
Gross bonded debt	4,763,407	10,409,422	41,745,000	41,015,000
Less debt service funds	-	-	-	-
Net Bonded Debt	$ 4,763,407	$ 10,409,422	$ 41,745,000	$ 41,015,000
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	0.42%	0.86%	3.44%	3.44%
POPULATION	17,650	18,050	18,750	20,329
NET BONDED DEBT PER CAPITA	$ 270	$ 577	$ 2,226	$ 2,018

Note: Details regarding the City's oustanding debt can be found in the notes to the financial statements.
(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

2011	2012	2013	2014	2015	2016
$ 1,234,165,298	$ 1,238,561,173	$ 1,248,799,416	$ 1,300,626,206	$ 1,424,592,045	$ 1,635,609,749
40,114,378	39,178,903	38,153,428	37,029,537	36,900,646	36,860,171
-	-	-	-	-	-
$ 40,114,378	$ 39,178,903	$ 38,153,428	$ 37,029,537	$ 36,900,646	$ 36,860,171
3.25%	3.16%	3.06%	2.85%	2.59%	2.25%
20,570	20,570	20,780	23,756	23,756	24,554
$ 1,950	$ 1,905	$ 1,836	$ 1,559	$ 1,553	$ 1,501

City of Sachse, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2016

Governmental Unit	Gross Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Wylie I.S.D	$ 296,639,955	12.43%	$ 36,872,346
Garland I.S.D	462,982,866	5.78%	26,760,410
Collin County	395,590,000	0.56%	2,215,304
Dallas County	227,980,000	0.45%	1,025,910
Dallas County Hospital District	718,480,000	0.45%	3,233,160
Dallas County Schools	50,405,000	0.45%	226,823
Collin County Community College District	16,910,000	0.56%	94,696
Dallas County Community College District	294,050,000	0.45%	1,323,225
Subtotal, overlapping debt			71,751,874
City direct debt			36,860,171
Total direct and overlapping debt			$ 108,612,045

Sources: Taxing Entities and City, Dallas Central Appraisal District, and the Collin County Appraisal District.

City of Sachse, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Year	Estimated Population	Personal Income	Per Capita Personal Income	School Enrollment		Unemployment Rate	
				Garland ISD	Wylie ISD	Dallas County	Collin County
2007	17,650	450,604,500	25,530	57,030	10,713	5.1%	4.3%
2008	18,050	460,816,500	25,530	56,600	11,402	5.4%	4.6%
2009	18,750	478,687,500	25,530	57,000	11,402	8.7%	7.8%
2010	20,329	518,999,370	25,530	57,861	11,349	8.7%	7.3%
2011	20,570	525,152,100	25,530	57,833	12,548	8.4%	7.1%
2012	20,570	646,206,550	31,415	58,151	12,939	6.7%	5.7%
2013	20,780	652,803,700	31,415	58,059	13,305	6.9%	6.4%
2014	23,756	746,294,740	31,415	57,704	13,902	6.9%	6.4%
2015	23,756	746,294,740	31,415	57,704	13,902	6.9%	6.4%
2016	24,554	839,648,584	34,196	58,059	14,280	4..1%	3.7%

Sources: Estimated population provided by the City of Sachse.
Per Capita Income provided by North Central Texas Council of Governments.
Garland & Wylie Independent School Districts.
Unemployment information provided by the Texas Workforce Commission.

City of Sachse, Texas

PRINCIPAL EMPLOYERS

Current Fiscal Year and Nine Years Ago

	2016			2007		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Garland ISD	452	1	3.23%	140	1	2.80%
Wal-Mart Supercenter	305	2	2.18%	-	n/a	-
City of Sachse	160	3	1.14%	125	2	2.50%
Kroger	150	4	1.07%	70	4	1.40%
Wylie ISD	128	5	0.92%	75	3	1.50%
Whataburger	52	6	0.37%	-	n/a	-
Oxford Glen Memory Care	49	7	0.35%	-	n/a	-
McDonald's	44	8	0.31%			
Barnyard Gate Daycare	36	9	0.26%	-	n/a	-
Bearfoot Lodge Daycare	30	10	0.21%	-	n/a	-
First Bank	-	n/a	-	20	5	0.40%
Metro Store	-	n/a	-	20	5	0.40%
Marshall Cabinets	-	n/a	-	15	7	0.30%
TPC Electric	-	n/a	-	15	7	0.30%
Sachse Veterinary Clinic	-	n/a	-	12	9	0.24%
La Plaza Del Pueblo	-	n/a	-	10	10	0.20%
Total	1,406		10.06%	502		10.04%

Source: Top ten employers and employee count provided by Sachse Economic Development Corporation.

City of Sachse, Texas

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government and adminstration	17	18	12	12	12	11	11	11	11	11
Public safety	65	71	67	66	69	79	79	80	85	82
Public works	12	12	12	12	12	11	11	11	10	10
Culture and recreation	13	14	14	14	15	16	16	16	15	15
Water and sewer	5	7	20	20	20	20	20	20	21	21
Community development	13	13	12	12	12	11	11	11	11	12
Economic development	1	1	1	1	1	1	1	1	2	2
Total	126	136	138	137	141	149	149	150	155	153

Sources: Various City departments.

City of Sachse, Texas

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010
Public safety				
Police				
Number of employees	43	43	43	50
Number of violations (citations)	4,947	5,666	2,844	2,068
Fire				
Number of employees	22	24	24	36
Number of volunteers	3	4	0	0
Number of fire runs	410	491	741	333
Number of EMS runs	556	572	424	683
Public works				
Streets (miles)	120	122	122	122
Building permits issued	186	176	135	138
Cultural and recreational				
Parks and recreation				
Park maintain & operate per acre	93	93	110	114
Participants in parks programs	2,630	3,570	3,952	4,446
Participants in senior program	8,812	12,815	13,027	15,142
Library				
Volumes in collection	38,481	35,879	31,757	36,484
Water and sewer				
Number of water connections	6,504	6,651	6,804	6,949
Number of sewer connections	6,078	6,252	6,427	6,590
Average daily water consumption[a]	2.032	2.545	2.484	2.560
Maximum storage capacity[a]	4.9	4.9	6.9	6.9

Sources: Various City departments.

2011	2012	2013	2014	2015	2016
48	48	44	50	50	52
2,160	2,568	1,260	2,246	3,846	1,879
44	44	34	34	35	35
0	0	0	0	0	0
340	197	456	272	394	600
732	811	766	802	909	1,187
125	125	130	135	135	135
89	135	135	246	275	289
114	139	149	149	152	152
4,660	5,010	5,109	5,186	5,480	9,600
15,392	15,700	18,455	19,500	20,445	23,455
38,161	38,761	40,169	43,935	41,203	41,470
7,121	7,285	7,239	7,370	7,950	8,239
6,743	6,874	6,999	7,113	7,468	7,384
3.146	2.464	2.509	2.776	2.412	2.573
6.9	6.9	6.9	6.9	6.9	6.9

City of Sachse, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Years

Function/Program	2007	2008	2009	2010
Public safety				
Police stations	1	1	1	1
Police patrol units	17	17	17	17
Fire stations	2	2	2	2
Police motorcycle units	2	2	2	2
Public works				
Streets-paved (miles)	120	122	122	122
Cultural and recreational				
Parks (acres)	93	93	110	114
Playgrounds (1)	3	4	5	5
Library	1	1	1	1
Senior center	1	1	1	1
Water and sewer				
Fire hydrants	688	721	753	753
Ground storage facilities	2	2	2	2
Elevated storage facilities	2	2	2	2
Lift stations	4	4	4	4

Sources: Various City departments.

(1) Does not include HOA playgrounds.

2011	2012	2013	2014	2015	2016
1	1	1	1	1	1
22	25	25	25	27	27
2	2	2	2	2	2
2	2	2	2	2	2
125	125	130	135	135	135
114	139	149	154	155	155
5	5	5	5	6	6
1	1	1	1	1	1
1	1	1	1	1	1
770	786	865	933	970	935
2	2	2	4	4	4
2	2	2	2	2	2
4	4	4	4	4	4

City of
Sachse